



ELIZADE UNIVERSITY
Ilara-Mokin, Ondo State
Department of Economics and Development Studies
Faculty of Humanities, Social and Management Sciences
First (1st) Semester Examination
2020/2021 Academic Session

Course Code: ECN 405

Credit Units: 2

Course Title: Taxation and Fiscal Policy

Instructions: Answer any 3 questions

Time Allowed: 2 hours

Question One

- a) What is Taxation?
- b) Justify **five** reasons why government impose tax?

Question Two

- a) What is public debt?
- b) In order to save the government from bankruptcy and to raise the confidence of lenders, the government has to redeem its debts from time to time. Explain **five** methods of redeeming public debt.

Question Three

- a) Justify **three** reasons why government borrow.
- b) Discuss the benefit theory of taxation

Question 4

- a) What is Tax burden?
- b) Explain **five** principles of fiscal federalism.
- c) Enumerate **four** advantages of resources in a free market economy.

Question 5

- a) What is tax base?
- b) Despite the high rate of tax evasion in direct taxes, it still has many advantages. Explain **five** advantages of direct taxes.
- c) In 1946, Sir Philipson recommended three principles for allocating revenue, discuss these **three** principles.