



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2019_1 EXAMINATION**

COURSE TITLE: TAXATION AND FISCAL POLICY
COURSE CODE: ECO 440
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS. ONE MARK FOR CLARITY AND GOOD PRESENTATION

1. Overtime, it has been observed that public expenditure of economies worldwide have continuously increased, discuss to the best of your knowledge five causes of such increase in public expenditure. **(23 Marks)**
2. List and discuss six (6) reasons why it is essential to have a public sector in an economic system. **(23 Marks)**
- 3a. List the three tax authorities in charge of tax administration in Nigeria. **(3 Marks)**
- 3b. List and discuss five (5) tax laws in Nigeria **(10 Marks)**
- 3c. List 3 merits and 2 demerits of fiscal federalism **(10 Marks)**
- 4a. List the three (3) principles of determining the financial policy in a federal set up for the smooth functioning of a federation as posited by B.P.A Darker. **(12 Marks)**
- 4b(i) What is fiscal deficit? **(3 Marks)**
- 4b(ii) Discuss four (4) consequences of fiscal deficit **(8 Marks)**
- 5a. List six (6) rationale behind countries acquiring public debt **(6 Marks)**
- 5b. Discuss briefly, the compensatory fiscal policy **(5 Marks)**
- 5c. List and discuss 2 advantages and 2 disadvantages of direct taxes **(12 Marks)**