



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2025\_1 EXAMINATION**

**COURSE TITLE: TAXATION AND FISCAL POLICY**

**COURSE CODE: ECO 440**

**UNITS: 2**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTION: ANSWER QUESTION ONE AND ANY TWO QUESTIONS**

1a Market mechanism or price mechanism could be hindered from achieving efficient and effective allocation of resources. Discuss the factors that may be responsible for this problem.

**(10 marks)**

1b. Regulation of the economy requires some stringent public policies to be well-guided, and correct the working of the economy in certain respects. Discuss. **(10 marks)**

1c. Why is public policy required for full employment and price stability in the market?

**(10 marks)**

2a. Achieving the goals and objectives of fiscal policy often leads to certain conflicts. Clearly explain any four (4) conflicts that may arise as a result of the application of fiscal instruments

**12 Marks**

b. Discuss any four (4) major sources of a government revenue **(8 marks)**

3a. Taxation is a stabilization instrument, as well as revenue generation. Discuss the direct and indirect tax system as a stabilization tool. **10 marks**

3b. Discuss the three important views on the concept of tax incidence. **10 marks**

4a. Write short notes on the following tax theory

i. The concentration theory of tax shifting **5 marks**

ii. The diffusion theory **5 marks**

4b. Incidence of Tax is often considered before the tax object is being taxed, because the final rest of the task burden is important to policymakers. Discuss under two major Market conditions, the factors influencing the process of tax shifting **10marks**