



**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