

**University of Swaziland**  
**Faculty of Social Science**  
**Department of Economics**  
**Main Examination Paper, May 2015**

**Title of paper** : **Public Finance II**

**Course Code** : **Econ 409**

**Time allowed** : **Three (3) hours**

**Instructions** : **1. Answer four (4) questions.**  
**2. All questions carry equal marks of twenty five (25) each.**

**Do not open this paper until the invigilator has granted permission.**

### Question 1

- a) What do you understand by the term tax evasion? (5 marks)
- b) Briefly explain the economic effects of taxation on the following:
- v) Production of growth
  - vi) Distribution of income and wealth
  - vii) Economic stabilisation
  - viii) Inflationary pressure (5 marks each)

### Question 2

Setting up an efficient and fair tax system is far from simple, particularly for developing countries that want to become integrated in the international economy? Discuss. (25 marks)

### Question 3

- c) When taxes are evaluated we need to look at fairness only. Do you agree? Discuss briefly. (12 marks)
- d) 'The low levels of tax compliance have placed additional pressure on tax revenues in Swaziland.' Discuss briefly. (13 marks)

### Question 4

Describe fully the strengths and weaknesses of a Public Limited Company. (25 marks)

### Question 5

- c) Write short explanatory notes on the following:
- i) Public Corporation versus joint stock company
  - ii) Debt held by the public versus Intragovernmental holdings. (10 marks)
- d) What five (5) major factors explain the deficit problem in the developing countries? (15 marks)

### Question 6

Discuss briefly the key measures needed to improve the fiscal position and public financial budget in Swaziland. (25 marks)