higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
PUBLIC FINANCE N6
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 A tax paper cannot expect to receive measurable value for each unit of currency paid over in the form of taxation.

A *Pro bono*
B Externalities
C Absence of *quid pro quo*
D None of the above-mentioned

1.1.2 Services that are provided for which there is no charge.

A Electricity
B Defence of a nation
C Old age pension
D B and C

1.1.3 Certain bodies/persons that are exempted from paying tax:

A Non-profit institutions
B Former heads of state
C War veterans
D A, B and C

1.1.4 Companies' tax form a/an … part of the total tax revenue of the central government.

A substantial
B small
C large
D average

1.1.5 VAT is ... tax.

A consumption
B transfer
C value-added
D A and C

1.1.6 Governments may also derive income from … .

A grants
B donations
C loans
D All of the above-mentioned

1.1.7 The budgetary processes of … .

A transparency, accountability and the effective financial management of the economy, debt and the public sector
B transparency and accountability
C effective financial management only
D None of the above-mentioned

1.1.8 The budget information of the expenditure budget is classified in terms of …

A purpose of expenditure, expenditure items and sources of financing.
B financial responsibility, purpose of expenditure, expenditure items and sources of financing.
C sources of financing and expenditure
D None of the above-mentioned

1.1.9 Funds are requested in the additional budget for …

A new activities which were originally not taken into account when the main budget was drafted.
B existing activities for which the main budget has provided insufficient funds.
C rendering private services for ministers
D D A and B.

1.1.10 Different types of taxation are …

A income tax.
B import duty.
C Tariffs.
D A, B and C.

(10 × 2) (20)

1.2 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Tax generally applies to net income, in other words, the authorities allow certain deductions to be made.

1.2.2 Interest earned from certain investments are also exempted from tax.

1.2.3 Real property charges by local authorities comprise rates and taxes.

1.2.4 The format for capital budgets is not standardized similar to operational budgets.

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1.2.5 Any redistribution of wealth should go directly towards creating more wealth, such as industrial and skills development.

1.2.6 Generally speaking, there is only one aim with taxation, namely to gather enough money to pay for services expected by the citizens of a country.

1.2.7 Capital expenditure is spent for the purpose of acquiring infrastructure.

1.2.8 At all times, any budget should reflect the overall policy of the government of the day.

1.2.9 The budget is a financial statement containing estimates of income and expenditure.

1.2.10 Rebates are taken into account before deductions are made.

(10 × 2) (20)

1.3 Complete the following sentence or sentences by writing only the answer next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

1.3.1 The term used for people who are excluded from paying income tax is called …

1.3.2 … allows for it to be possible that after a raise, someone may earn "less than before.

1.3.3 The … tax base is determined by SARS.

1.3.4 The … budget is enforceable until the main budget comes into place.

1.3.5 That portion of income, or wealth which is subject to taxation is called …

1.3.6 A situation when an industry in a country is subsidised results in …

1.3.7 Exemptions refer to allowing some institutions or non-profit organisations not to pay tax as long as they do not make any …

1.3.8 An example of … charges is rent paid for the use of government owned properties, such as sporting facilities.

1.3.9 The wealth tax that you pay when you own land and buildings is called …

1.3.10 … system is where the tax rate increases with income, and where the redistribution of wealth takes place automatically.

(10 × 2) (20)

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1.4 Choose the correct word or words from those given in brackets. Write only the answer next to the question number (1.4.1–1.4.10) in the ANSWER BOOK.

1.4.1 (Import/Excise) duty is used to stop “dumping” of goods.

1.4.2 (VAT/GST) is a sales tax levied on each successive stage of trading.

1.4.3 (Personal/Real) property refers to land plus improvements.

1.4.4 (Income/Payroll) tax should be seen as tax on money earned by companies.

1.4.5 Standard expenditure items are detailed in the (financial/economic) schedule.

1.4.6 The (interim/main) budget allocates funds for the whole of a financial year.

1.4.7 (Deductions/Incentives) imply that tax generally applies to net income.

1.4.8 A taxpayer receives a (sizeable/immeasurable) value for each unit of currency paid over in the form of taxation.

1.4.9 Provincial/Local) governments are not allowed to levy taxes on betting.

1.4.10 Personal/Personnel) tax represents the majority of state revenue.

(10 × 2) (20)
[80]

TOTAL SECTION A: 80

SECTION B

Answer all questions in this section.

QUESTION 2

2.1 Farmers cry 'fowl' over important tariff.

[Source: *ENCA News SA, August 2022*]

Discuss the above statement under the following headings:

2.1.1 What would the chief reason be for a government to impose import duties on certain goods? (6)

2.1.2 Name THREE reasons how a country dumps goods onto another. (6)

2.1.3 Import duty is/is not levied as ad valorem tax-this makes it easy/difficult to monitor and collect. (Choose the correct options) (4)

2.1.4 What is taxed with import duty? (3)

2.2 'SALGA calls for protection of farmers'.

Taking into consideration the above statement, discuss the following:

2.2.1 State what 'SALGA' stands for. (5)

2.2.2 List the aim of the above association. (4)

2.2.3 State the section of the constitution and the Act no. it is anchored in. (4)

2.2.4 Fill in the missing words:

The … together with management in KZN, lead the administration of the SALGA KZN office with the Provincial Executive Committee providing political leadership.

The ultimate authority of the SALGA KZN province resides in its annual … (PMA) which takes place before the … (NMA). (3 × 2) (6)

2.2.5 Name the biggest province in South Africa. (2)

[40]

QUESTION 3

3.1 Explain the following terms/concepts:

3.1.1 Capital expenditure

3.1.2 Capital gains tax

3.1.3 Taxable net income

(3 × 4) (12)

3.2 Explain the THREE reasons why drafting a separate capital budget might be advantageous. (3 × 4) (12)

3.3 Discuss any THREE reasons why amendments to the main budget are made through the Adjustment Appropriation Bill. (3 × 5) (15)

3.4 Give ONE example of income tax. (1)

[40]

QUESTION 4

4.1 Discuss FOUR types of taxation. (14)

4.2 Indicate any TWO institutions/persons to whom the administrative and executive bodies must be accountable. (4)

4.3 Explain the *economic regulatory function*. (8)

4.4 Explain the term *dumping* for a country. (2)

4.5 'When the local currency weakens, as has been the case in South Africa, against the British Pond or the US Dollar,' this directly affects loan repayments.

How does the weakening Rand directly affect the following?

4.5.1 Loan repayments (3)

4.5.2 Tax base (3)

4.6 List THREE special exemptions which are used to promote economic development. (6)

[40]

TOTAL SECTION B: 120
GRAND TOTAL: 200

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