higher education & training

Department:
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REPUBLIC OF SOUTH AFRICA

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JUNE EXAMINATION

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

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This question paper consists of 6 pages.

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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. SECTION A is COMPULSORY and must be answered by ALL the candidates.
2. Answer only TWO questions from SECTION B.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Write neatly and legibly

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SECTION A (COMPULSORY)

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 Mining rights and licences of various kinds are classified under …

A user charge.
B consumer tariffs.
C nominal levies.
D import duty.

1.1.2 Levies on imported products are …

A import taxes.
B consumption taxes.
C value added taxes.
D transfer taxes.

1.1.3 The budgetary process of government must promote the following:

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

1.1.4 The absence of *Quid pro Quo* means …

A people or legal entities.
B something for something.
C households.
D recreation.

1.1.5 Duty imposed on personal property is referred to as …

A transfer duty.
B estate duty.
C stamp duty.
D indexing.

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1.1.6 The government of the day may decide to use fiscal policy to stimulate economic growth. It can be achieved through …

A incentives.
B deductions.
C exemptions.
D income.

1.1.7 The budget of a department can be regarded as a/an …

A financial plan.
B policy statement.
C operational plan.
D All the above

1.1.8 The medium term budget is a financial statement of income and revenue for a …

A 1 year period.
B 2 year period.
C 3 year period.
D None of the above

1.1.9 Government budget must distinguish between …

A current and capital expenditure.
B different sources of taxes.
C government institutions.
D None of the above

1.1.10 Excise duty is often referred to as …

A sin or luxury tax.
B value added tax.
C property tax.
D profit tax.

(10 x 2) (20)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 Taxation is compulsory.

1.2.2 Operating costs are salaries, administration and electricity supply costs.

1.2.3 The income tax rate is determined by SARS.

1.2.4 A budget can be regarded as a financial plan.

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1.2.5 VAT can be regarded as a consumption tax.

1.2.6 Individuals pay tax on their annual turnover.

1.2.7 The budget speech is presented by the minister of transport.

1.2.8 Taxation is of a voluntary, operational nature.

1.2.9 The budget can be used as a financial reporting tool.

1.2.10 Donation taxation aims to protect other tax sources, such as estate duty and income tax.

(10 x 2) (20)
[40]

QUESTION 2

2.1 Describe the *Ex post facto* control process. (10)

2.2 State FIVE aims of a budget speech. (5 x 2) (10)

2.3 Give the FOUR of the state revenue. (4 x 2) (8)

2.4 Explain the THREE main steps of developing an operational programme. (12)

2.5 Discuss why accountability and control are essential in the budget cycle. (20)
[60]

TOTAL SECTION A: 100

SECTION B

Answer only TWO questions from this section.

QUESTION 3

3.1 Define the term *taxable income.* (10)

3.2 Name THREE types of taxation and illustrate each with examples. (15)

3.3 Discuss the principle of tax subjects from the tax liability perspective. (10)

3.4 Name and briefly discuss the types of audits applicable to public sector. (15)
[50]

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QUESTION 4

4.1 Name the current minister of finance. (2)

4.2 Define the term *government budget.* (10)

4.3 Outline the steps involved in the budget cycle. (8)

4.4 Briefly discuss the aspects covered by the resource schedule budget. (10)

4.5 Name the tax levies applicable to local governments. (10)

4.6 State the prioritisation classification for the capital budgets. (10)
[50]

QUESTION 5

5.1 JJJP is a marketing company. The company has 500 employees. The minimum salary is R12 000 per month.

5.1.1 Which taxes are compulsory and payable by individuals? (4)

5.1.2 Give reasons why employees must pay income tax. (4)

5.1.3 To who is the tax the JJJP has deducted, payable? (2)

5.1.4 Must JJJP also pay tax on their profits? Substantiate your answer. (4)

5.1.5 Briefly differentiate between *income tax, VAT* and *company tax.* (6)

5.2 Give the THREE types of wealth tax. (6)

5.3 State the FIVE most important characteristics of a budget. (10)

5.4 Briefly discuss the functions and purpose of governments' budgets. (14)
[50]

TOTAL SECTION B : 100

GRAND TOTAL: 200

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