higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

PUBLIC FINANCE N6

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This marking guideline consists of 6 pages.

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SECTION A (COMPULSORY)

QUESTION 1

1.1	1.1.1	A		
	1.1.2	D		
	1.1.3	B		
	1.1.4	B		
	1.1.5	C		
	1.1.6	A		
	1.1.7	D		
	1.1.8	D		
	1.1.9	A		
	1.1.10	D		
			(10 × 2)	(20)
1.2	1.2.1	True		
	1.2.2	False		
	1.2.3	True		
	1.2.4	False		
	1.2.5	True		
	1.2.6	True		
	1.2.7	True		
	1.2.8	True		
	1.2.9	True		
	1.2.10	True		
			(10 × 2)	(20)
1.3	1.3.1	Exemption		
	1.3.2	Bracket creeping		
	1.3.3	ad valorem		
	1.3.4	tax		
	1.3.5	budget		
	1.3.6	audit		
	1.3.7	budget		
	1.3.8	rates		
	1.3.9	interim		
	1.3.10	budget		
			(10 × 2)	(20)
1.4	1.4.1	Import		
	1.4.2	VAT		
	1.4.3	Real		
	1.4.4	Payroll		
	1.4.5	Financial		
	1.4.6	Main		
	1.4.7	Deductions		
	1.4.8	Immeasurable		
	1.4.9	Provincial		
	1.4.10	Personal		
			(10 × 2)	(20)

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1.5	1.5.1	C
	1.5.2	J
	1.5.3	H
	1.5.4	G
	1.5.5	D
	1.5.6	F
	1.5.7	E
	1.5.8	A
	1.5.9	B
	1.5.10	I

(10 × 2) (20)
[100]

TOTAL SECTION A: 100

SECTION B (ANY TWO)

QUESTION 2

2.1 People who earn more pay more tax than those who earn less./The more one earns, the higher the rate of taxation. (2)

2.2
- Source of income:✓ Main source of income for government to pay✓ for services expected by tax payers✓
- Economic regulatory function:✓ May be used by government to cool down economy.✓ By paying tax people have less money to spend and this regulates the economy by reducing inflation✓
- Redistribution of wealth:✓ Those earning more are taxed at higher rate✓ than those who earn less.✓ (3 × 3) (9)

2.3
- Enforceable
- Reflects political aspirations of current government
- Attempts to obey and take into consideration sound economic principles
- Attempts to satisfy tension between political consideration and economic demands and realities founded on scientific research
- Reflects fiscal policy of government
- Clearly outlines hierarchy of authority (Any 5 × 2) (10)

2.4
- Administration authorities:✓ Need budget information about goals and policies of government✓ and how to implement them in practical sense✓
- Financial institutions:✓ Need information about changes in fiscal policy/ tax✓ to adjust own goals and policies✓
- Tax officials:✓ Officials ranging from personal accountants to SARS officials need information on new tax laws✓ and how to apply them✓
- International institutions, governments and investors:✓ Need information on budget policies✓ as this has an effect on investment✓ (12)

2.5
- For equitable financing
- For stabilising effect
- For greater control (3 × 2) (6)

2.6
- Consumer tariffs
- Capital reserve funds
- Land trust funds (3)

2.7
- Hunting and fishing licences
- Hospitalisation fees
- Capital reserve funds
- Professional services
- Motor vehicle licences
- Casino licences (Any 4 × 2) (8)

[50]

AND/OR

QUESTION 3

3.1 3.1.1 Sources of funds, for example taxes for government

3.1.2 Details of funds spent to know who gets what

3.1.3 Spending on infrastructure or services lasting longer than current year

3.1.4 Spending on running departments like salaries and consumables

3.1.5 Overall policies of government expressed in goals and objectives of various departments

(5 × 2) (10)

3.2
- Preparation
- Approval
- Execution
- Control (4 × 2) (8)

3.3 3.3.1 Provision✓ in form of funds and resources for large projects✓ like construction of buildings, dams, roads which can be used for many years✓ (3)

3.3.2
- Budget vote for each service:✓ Involves total estimated capital expenditure for year in each capital project✓✓
- Details of costs:✓ Each subvote should indicate project costs✓✓
- Financial sources:✓ Sources of internal/external funds should be indicated✓✓ (9)

3.4
- Income tax:✓ Paid by individuals (personal tax)✓ and companies✓
- Wealth tax:✓ Paid by individuals/institutions✓ on property owned, capital gains and duties✓
- Consumption tax:✓ For example VAT, import and excise duties✓ paid by citizens on consumption of certain products✓
- User charges:✓ Money charged for use of certain products and services✓ like fire services and preventive health services✓ (12)

3.5
- Transfers
- Suspension of funds
- Roll-overs
- Unforeseen, unavoidable circumstances (4 × 2) (8)

[50]

AND/OR

QUESTION 4

4.1
- Economy
- Society
- Politics (Any 2 × 2) (4)

4.2 4.2.1 Duty/Levy paid on import of goods (2)

4.2.2
- Source of revenue
- Discouraging use of imported goods
- Stopping dumping (Any relevant 2 × 2) (4)

4.3 Estate duty is also known as death duty or succession duty.✓✓ The estate of the deceased becomes the object of tax, the tax base being fair market value of the estate on the date of death of deceased,✓✓ whereas transfer duty is tax levied on purchase of property✓✓ when property is transferred on registration.✓✓ (8)

4.4
- Financial responsibility:✓ Institution/Department needing finance has to be clearly identified.✓✓
- Purpose of expenditure:✓✓ Objective of satisfying certain needs.✓
- Expenditure items:✓ Specific goods or services necessary to realise the objective.✓✓
- Source of financing:✓ Budget vote, fund or account✓✓ (12)

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4.5 Main tool of control,✓✓ and examination of financial records by various authorities to make sure that all revenue✓✓ and expenditure have been properly and recorded and accounted for.✓ (5)

4.6
- Accounting audits:✓✓ Correct recording of finances,✓ accuracy of statements✓ and safeguarding of records✓
- Appropriation audits:✓✓ Utilisation of budget allocation in accordance to purpose✓ for which it has been voted✓✓
- Performance audits:✓✓ Efficiency, effectiveness and economic performance of duties✓ – value for money✓✓ (15)

[50]

TOTAL SECTION B: 100
GRAND TOTAL: 200

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