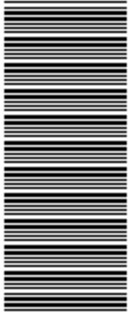


0000000000



# higher education & training

Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**N1350(E)(M30)H  
JUNE EXAMINATION**

**NATIONAL CERTIFICATE**

**PUBLIC FINANCE N6**

**(21010076)**

**30 May 2016 (X-Paper)  
09:00–12:00**

**This question paper consists of 6 pages.**

**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. Write neatly and legibly.
-

**SECTION A****QUESTION 1**

Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–E) next to the question number (1.1–1.5) in the ANSWER BOOK.

<b>COLUMN A</b>		<b>COLUMN B</b>
1.1	Personal tax	A fiscal year
1.2	Bracket creeping	B unemployment insurance
1.3	Tax liability	C when inflation is higher than 8%
1.4	Budget year	D for water supply
1.5	Consumer tariffs	E tax responsible for the bulk of revenue for the state

(5 × 2)

**[10]****QUESTION 2**

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.1–2.7) in the ANSWER BOOK.

- 2.1 A budget can be regarded as a financial plan.
- 2.2 Stamp duty cannot be imposed on personal property.
- 2.3 Salaries and pensions earned by the head of state and war veterans are not exempted from tax.
- 2.4 A taxpayer receives a measurable value for each unit of currency paid over in the form of taxation.
- 2.5 Real property charges by the local authorities comprise rates and taxes.
- 2.6 The format for capital budgets is not standardised as with operational budgets.
- 2.7 Any redistribution of wealth should go directly towards creating more wealth, such as industrial and skills development.

(7 × 2)

**[14]**

**QUESTION 3**

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 (3.1–3.5) in the ANSWER BOOK.

- 3.1 Government budget must distinguish between ...
- A current and capital expenditure.
  - B different sources of taxes.
  - C different government institutions.
  - D none of the abovementioned.
- 3.2 Duty imposed on personal property is referred to as ...
- A transfer duty.
  - B estate duty.
  - C stamp duty.
  - D indexing.
- 3.3 Excise duty is often referred to as ...
- A value-added tax.
  - B sin or luxury tax.
  - C property tax.
  - D profit tax.
- 3.4 Mining rights and licences of various kinds are classified under ...
- A user charge.
  - B consumer tariffs.
  - C nominal levies.
  - D transfer.
- 3.5 Levies on imported products are ...
- A transfer.
  - B consumption.
  - C value added.
  - D income.

(5 × 2) [10]

**QUESTION 4**

The Public Finance Management Act, Act No. 1 of 1999, states the following: To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

- 4.1 Who is the minister to ensure that treasury regulations are being adhered to? (2)
- 4.2 What is your understanding of the term *accountability*? (10)
- 4.3 Define the term *government budgeting*. (10)
- 4.4 State the differences between the budgets of the national legislature and that of the local government. (10)
- 4.5 Briefly discuss the functions and purpose of governments' budgets. (12)
- 4.6 State the project prioritisation for capital budgets. (10)
- 4.7 State the characteristics of a budget. (12)
- [66]**

**TOTAL SECTION A: 100**

**SECTION B****QUESTION 5**

- 5.1 Define the following terms:
- 5.1.1 Revenue (2)
  - 5.1.2 Deductions (4)
  - 5.1.3 Exemptions (4)
  - 5.1.4 Incentives (10)
- 5.2 Name and explain the THREE main steps in developing an operating programme. (12)
- 5.3 List the sources of the state revenue. (8)
- 5.4 Discuss the principles of tax objects from the tax liability perspective. (10)
- [50]**

**QUESTION 6**

To achieve the goals as set out by the National Development Plan vision for 2030, the ministry of finance should consider increasing state revenue to finance the NDP.

- 6.1 State the differences between income tax, VAT and company tax. (6)
  - 6.2 Name the types of wealth tax. (8)
  - 6.3 Substantiate why employees must pay income tax. (8)
  - 6.4 Name FOUR factors for classifying budget information. (8)
  - 6.5 State the aspects covered by the resource schedule budget. (10)
  - 6.6 Name the tax levies applicable to local governments. (10)
- [50]**

**TOTAL SECTION B: 100**  
**GRAND TOTAL: 200**