

**CHARTERED INSTITUTE OF TAXATION, GHANA**

**PROFESSIONAL EXAMINATION**

**FEBRUARY, 2020**

**PROFESSIONAL LEVEL**

**PAPER 1 – PUBLIC SECTOR ECONOMICS & FINANCE**

**ATTEMPT FIVE (5) QUESTIONS ONLY.**

**ALL QUESTIONS CARRY EQUAL MARKS (20 MARKS EACH)**

**TIME ALLOWED: 3 HOURS**

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**QUESTION 1**

- a. Explain how zero-base budgeting is implemented in practice.
- b. What are the advantages and disadvantages of zero-base budgeting?

**QUESTION 2**

- a. Differentiate between
  - i. ad valorem tax and specific tax
  - ii. progressive tax and regressive tax.
- b. Discuss the merits and demerits of imposing indirect tax in an economy.

**QUESTION 3**

- a. Describe the basic principles of taxation.
- b. To what extent do you consider the Ghana tax system to comply with the principles of taxation?

**QUESTION 4**

“Ideally market is effective in allocating resources to their best and optimum use. However, when exchanges lack adequate information, the unfettered markets cannot address the economic challenges of a country which may result in market failure.”

**Required:**

- a. What is market failure?

- b. What are the causes of market failure?

**QUESTION 5**

Discuss five major sources of revenue for the government.

**QUESTION 6**

- a. Differentiate between public goods and private goods.
- b. Why should governments intervene in the economy with provision of public goods?

**QUESTION 7**

Examine the role of parliament in controlling the finance of public sector organisations.

***END OF PAPER***