



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_1 POP EXAMINATION.**

**COURSE TITLE: TAXATION AND FISCAL POLICY
COURSE CODE: ECO440
UNITS: 2
TIME ALLOWED: 3 HOURS**

**INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER THREE
QUESTIONS**

QUESTION ONE

- (a). Briefly explain the term 'taxation'. **(10marks)**
- (b). Discuss the differences between taxation and fiscal Policy. **(15marks)**
(25marks)

QUESTION TWO

- (a). How does taxation affect fiscal policy? **(5marks)**
- (b). What are the effects of fiscal policy? **(10marks)**
(15marks)

QUESTION THREE

- (a). Explain the two main channels of fiscal policy through which the government can use to boost economic activity. **(10marks)**
- (b). What are the main causes of externality and market failure and how can these be corrected? **(5marks)**
(15marks)

QUESTION FOUR

- (a). Does fiscal policy increase taxes? Discuss. **(10marks)**
- (b). Discuss the term 'stabilization policy'. **(5marks)**
(15marks)

QUESTION FIVE

- (a). Briefly discuss the importance of taxation in an economy. **(10marks)**
- (b). Discuss in details the term 'fiscal imbalance' **(5marks)**