



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY/ SPECIAL UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DIPLOMA OF CO-OPERATIVE MANAGEMENT.

COURSE CODE: BS 1111

**COURSE TITLE: INTRODUCTION TO TAXATION
SUPPLEMENTARY**

DATE: 7TH AUGUST 2015

TIME: 9.00-11.00AM

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

SECTION A:

- a) Discuss the impact of tax on different forms of business? (10 marks)
- b) Write short note on finance leasing and transferr pricing? (8marks)
- c) Explain tax on producers using graphical analysis? (6 marks)
- d)What is tax incidence and who pays it? (6 marks)

SECTION B:

QUESTION TWO

- a) What is netting over time,discuss it features? (10 marks)
- b) How does netting through functions operate? (10 marks)

QUESTION THREE:

- a) What is tax incidence and who pays? (5 marks)

- b) Suppose the market demand function for corn is $Q_d = 15 - 2P$
Suppose the market supply function for corn is $Q_s = 5P - 2.5$
Suppose the government imposes a \$0.70 tax per bushel on the corn producers.
 - (a) Calculate the equilibrium price and quantity of corn before the tax.
 - (b) After the tax, what will be the equilibrium price and quantity of corn?

- (c) Calculate the government revenue.
 - a) (d) Calculate the tax incidence (i.e. Will consumers or producers bear the brunt of this corn tax?) (15 marks)