



# **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: BS01110**

**COURSE TITLE: INTRODUCTION TO TAXATION  
SUPPLEMENTARY**

**DATE: TIME:**

**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)