

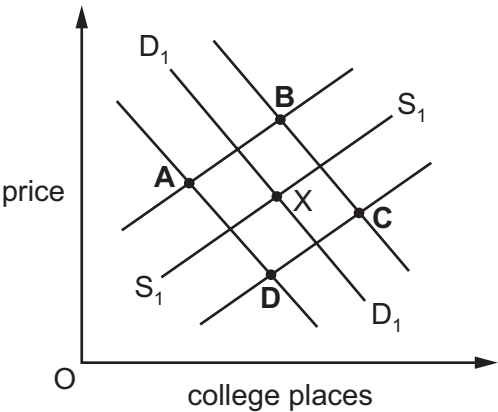
15 A simple income tax system would be one in which income under \$10 000 is not taxed. Above \$10 000 an income tax rate of 30% is applied to all additional income.

What is correct for people earning more than \$10 000?

	average rate of tax	marginal rate of tax
A	increases as incomes increase	increases as incomes increase
B	increases as incomes increase	remains constant as incomes increase
C	remains constant as incomes increase	increases as incomes increase
D	remains constant as incomes increase	remains constant as incomes increase

16 The diagram shows possible demand and supply curves for places in colleges in a country. The initial equilibrium position is X. To increase the number of students in colleges, a government subsidises the colleges and also gives a grant of money to the students.

What would be the new equilibrium position?



17 Which term is given to an income received by an individual for which there is no corresponding contribution to output?

- A profit
- B revenue
- C salary
- D transfer payment

18 A government’s budget deficit was reduced.

What might have caused this?

- A a decrease in the revenue from vehicle tax
- B an increase in the rate of subsidy given to libraries
- C a purchase of two warships for the national defence
- D a sale of a publicly owned energy company to the private sector