

3-5 tax incidence

Business



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No: Response to Article: The article by Walter Williams informs about the ignorance of masses about taxation and tax incidence. He reports that tax incidence informs about who should pay the burden of tax. People who are ignorant of taxing and related descriptions think that government fails in taxing the right people and corporations and rich people should be taxed only. However, if we judge correctly, tax is distributed between people whether they are rich or poor. Corporations are just business entities, which hire people for services and sell their products and services for some price. When they are taxed more, they shift their burden to their workers and customers who are not rich. Therefore, to tax someone or some entity is an activity that involves some thought process and is not done just blindly as many people get affected because of additional taxes. The article is a good one as it highlights what we should know and who should be believe. We should not ignorantly follow wrong advices and should read gain knowledge about everything that puts an impact on us.

Response to Student's Response:

The response by the student tells a story about Johnny, his Dad and Mom. Dad is the employer; Johnny and his mother are workers. Mom is informed to be a weak worker and Johnny gets paid for working for Dad and Mom, but when he exceeds his wishes, he is unable to get paid what he expects. I think that student wants to inform that we have to manage our expenditures as per our wages and extra taxes will deprive the poor from getting required wages because the employer gets trapped in paying more. He has given a good example, but it only illustrates the wages that one gets resultantly because of elevated taxing and neglects the issue why we should not tax people.

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Works Cited

Williams, Walter. Ignorance Exploited. 2011.