TAXES AND THEIR TRANSFER. LOSS OF "DEAD" CARGO WHEN TAXED

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Annotation. *In this article, taxes and their transfer. There are opinions that the "dead" burden is lost when taxed.*

Key words. *market, excise tax, equilibrium, reverse demand, supply functions, efficiency.*

If there is a tax in the market, it leads to two prices: the price that buyers pay and the price that sellers buy. There are many types of taxes. Here we look at the tax (excise tax) and value added tax on the goods consumed.

A tax on the volume of goods consumed is a tax on the sale or purchase of a unit of goods. For example, the tax on gasoline. The tax on gasoline is 12 cents per gallon. For a buyer a gallon of gasoline P_D = 150\$ seller P_S = 1,50 – 0,12 = 1,38\$ takes In general, if a unit tax is levied on a commodity sold, the buyer is entitled to a unit commodity:

$$P_D = P_S = t \text{ dollars.}$$

Value added tax is a percentage of each unit of goods. A common value tax is the turnover tax. If there is a 5% turnover, the seller gets \$ 1. If the tax rate is t, then the demand price is:

$P_D = (1+ \tau) \cdot P_S$ will be. Suppose a tax is levied on the volume of goods sold. Suppose the tax is paid by the seller. In that case, the bid amount depends on the bid price - i.e., the amount after tax is paid by the seller, and the amount of demand depends on the demand price - i.e., the amount paid by the buyer. The amount that the seller receives is equal to the amount that the seller pays after the tax is paid.

$$D(P_D) = S(P_S) \quad (1)$$

$$P_S = P_D - t \quad (2)$$

Putting this in the first equation:

$$D(P_D) = S(P_D - t)$$

Similarly, if we change the second equation $P_D = P_S + t$ and we can put it in (1):

$$D(P_S + t) = S(P_S) \quad (3)$$

Both cases are grounded and depend on which of them is easier to use.

Suppose the tax is paid by the buyer, not the seller. In this case:

$$P_D - t = P_S$$

This means that the payment after the buyer deducts the tax is equal to the amount the seller receives. Putting this on the condition of equality of supply and demand:

$$D(P_D) = S(P_D - t)$$

It can be seen from this that this equation is the tax equation itself paid by the seller. This means that the balance does not affect the price whether the tax is paid by the seller or the buyer.

Let us consider the functions of inverse demand. Let the equilibrium product volume be q * gateng. In this case, the equilibrium equation is written as follows, that is, if we subtract the tax paid on the demand price on q *, it is equal to the supply price of the goods in the amount of q *:

$$P_D(q^*) - t = P_S(q^*)$$

If the tax is imposed on the sellers, then the offer price in equilibrium condition plus the tax must be equal to the demand price:

$$P_D(q^*) = P_S(q^*) + t$$

These equations are the same, and their solution also gives the same equilibrium price and equilibrium quantity.

Let's look at a geometric representation of this situation. We do this using the inverse demand and supply functions. We $P_D(q) - t$ with $P_S(q)$ we determine in which quantity of goods the lines intersect. To do this, we draw the demand line down to the amount t, determine the point where the resulting line intersects the initial supply line, or vice versa, $P_D(q)$ with $P_S(q) + t$ we determine the value of q by determining the point where the lines intersect. Both methods lead to the determination of the same equilibrium parameters.

Figure 1. Establishment of the tax.
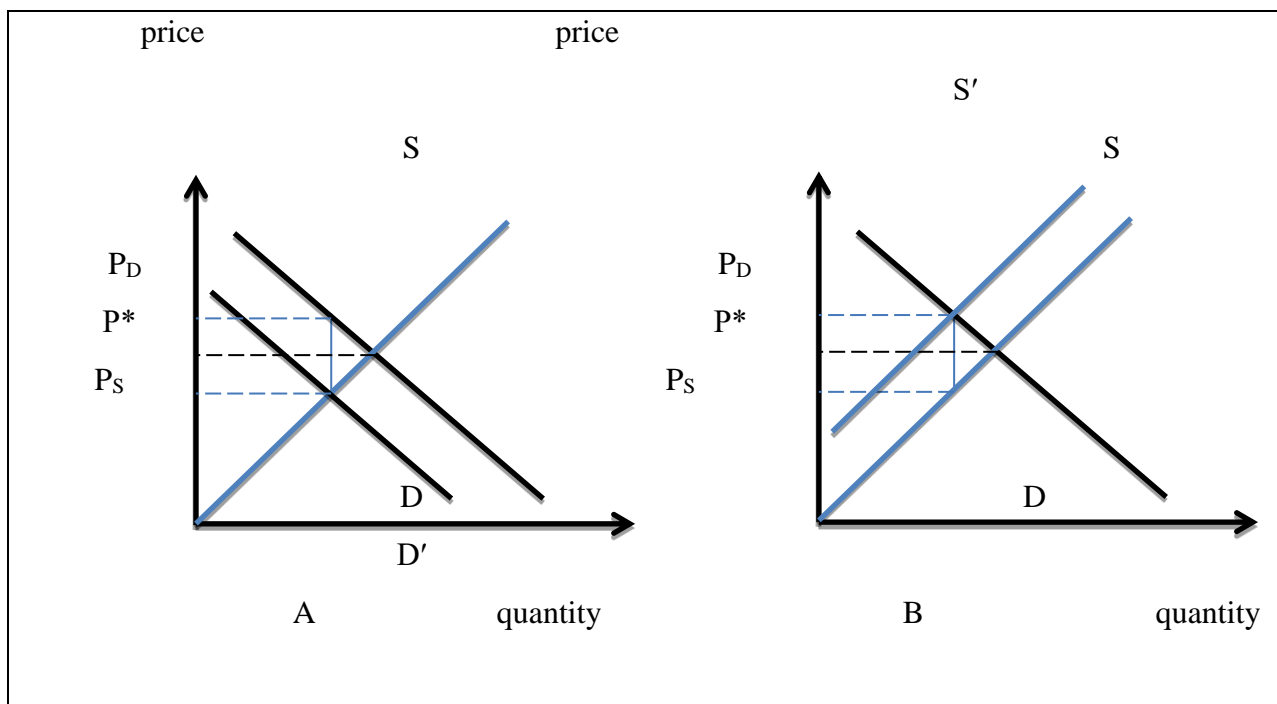
In Figure A, the demand line is pushed down. In Figure V, the proposal is drawn on the line.

For example. We look at taxation for linear demand and supply functions.

Given the linear demand and supply functions, we look at the equilibrium state:

$$a - bP_D = c + dP_S$$

$$\text{and} \quad P_D = P_S + t$$

If we put the second equation on the first:

$$a - b\,(P_S + t) = c + dP_S$$

Solving this equation, we find the equilibrium price P_S *:

$$P_S^* = (a - c - bt) / (d + b)$$

Талабнинг мувозанат нархни $P_D^* = P_S^* + t$ бўлгани учун:

$$P_D^* = (a - c - bt) / ((d + b) + t) = (a - c + dt) / (d + b)$$

It can be seen that the price paid by the buyer increases, the price paid by the seller decreases. Price change depends on the bed of supply and demand lines.

It is known that taxes are levied on the purchase and sale of goods by the firm. Taxes increase the price that consumers pay and lower the price that firms receive. Therefore, the imposition of taxes depends on the bedrock of supply and demand lines.

To make this clear, we look at perfectly elastic (horizontal) and perfectly non-elastic vertical supply lines. We have already mentioned that if the supply line of the network is horizontal, at this

price the network puts the desired amount of product on the market, if the price is less than the given price - zero unit of goods. In this case the price is determined by the supply line, . If the supply line of the network is vertical, i.e. the brand size does not change. The equilibrium price of a commodity is determined by the full demand line.

We look at taxation when the offer is perfectly elastic in terms of price. The introduction of the tax raises the supply line by an amount equal to the tax amount. When the supply line is perfectly elastic, the consumer price increases by the amount of tax. The offer price will remain the same as before the tax is paid, and consumers will pay the tax in full.

Network P^* offers at a price, buyers $P^*+ t$ buys at a price and $P^*+ t$ the price will be the demand price. In Figure 16.5-V, the offer line is vertical, and nothing changes if we push it up. In this case, the buyers determine the equilibrium price of the goods and they P^* pays the price, while the sellers $P^*- t$ takes the amount. The tax amount is paid in full by the sellers.

Figure 3. Tax burden.
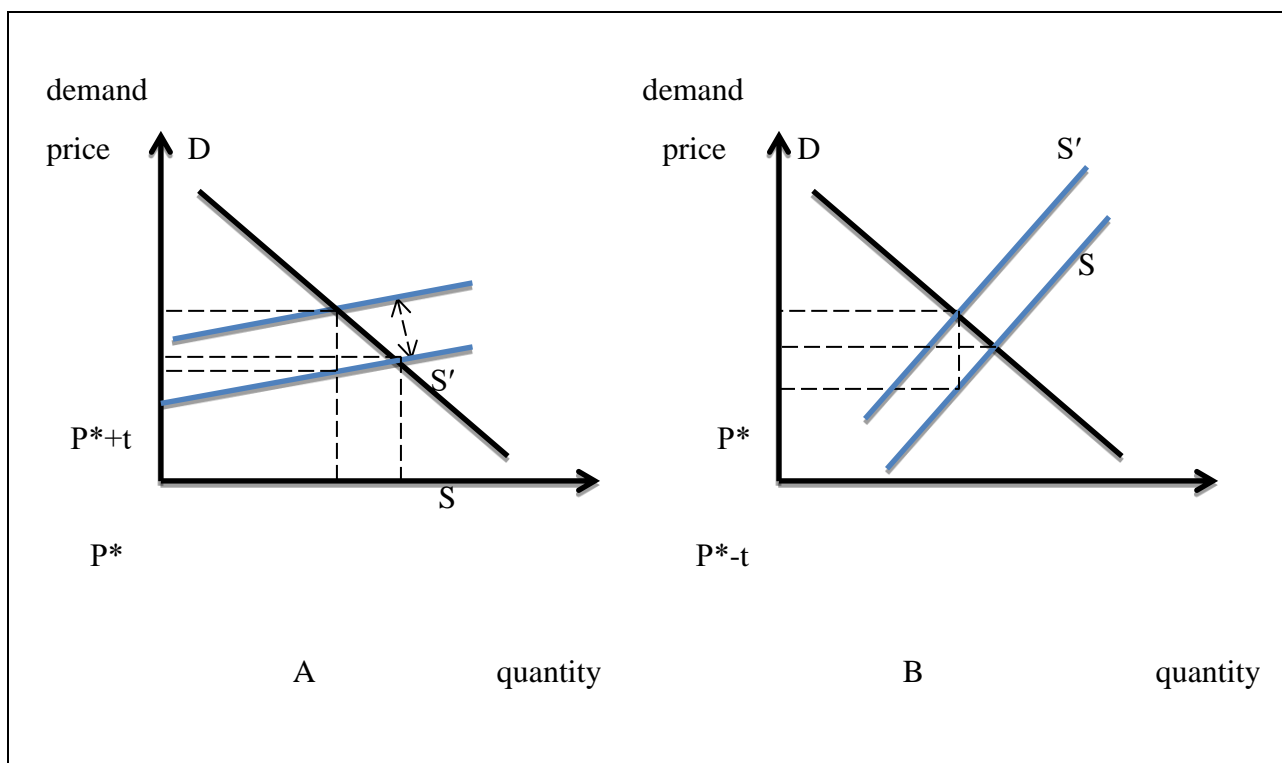
Now, let the offer line have a positive bed without being perfect. In this case, the size of the amount of tax imposed on the other depends on the verticality of the supply line relative to the demand line. If the supply line is close to the horizontal, almost all taxes are levied on consumers, if the supply line is close to the vertical line, the tax falls on consumers in very small amounts.

If the supply line A is close to horizontal, most of the tax burden falls on the consumer. If the supply line V is close to the vertical, consumers will be taxed less.

We have seen that the imposition of a tax increases the price that buyers pay, while the price that sellers receive decreases. From an economist's point of view, there are real costs (losses) associated with the tax, which are related to the reduction in production. Lost production is a cost to

society that comes from taxation. In the analysis of society's losses from taxation, we use consumer surplus and producer surplus.

The graph below shows the equilibrium price of demand and the equilibrium price of supply after the introduction of t tax. After taxation, production decreased, we estimate the loss of society. Consumer loss is given by the sum of A + V surfaces, producer loss is given by the sum of C + D surfaces.

To estimate the loss of society from the tax, we find the total loss of consumers and producers by adding A + V to C + D. Here, the state receives income from taxation, which should also be taken into account.

Figure 4. Loss of dead cargo as a result of taxation. V + D - represents the dead load resulting from taxation.
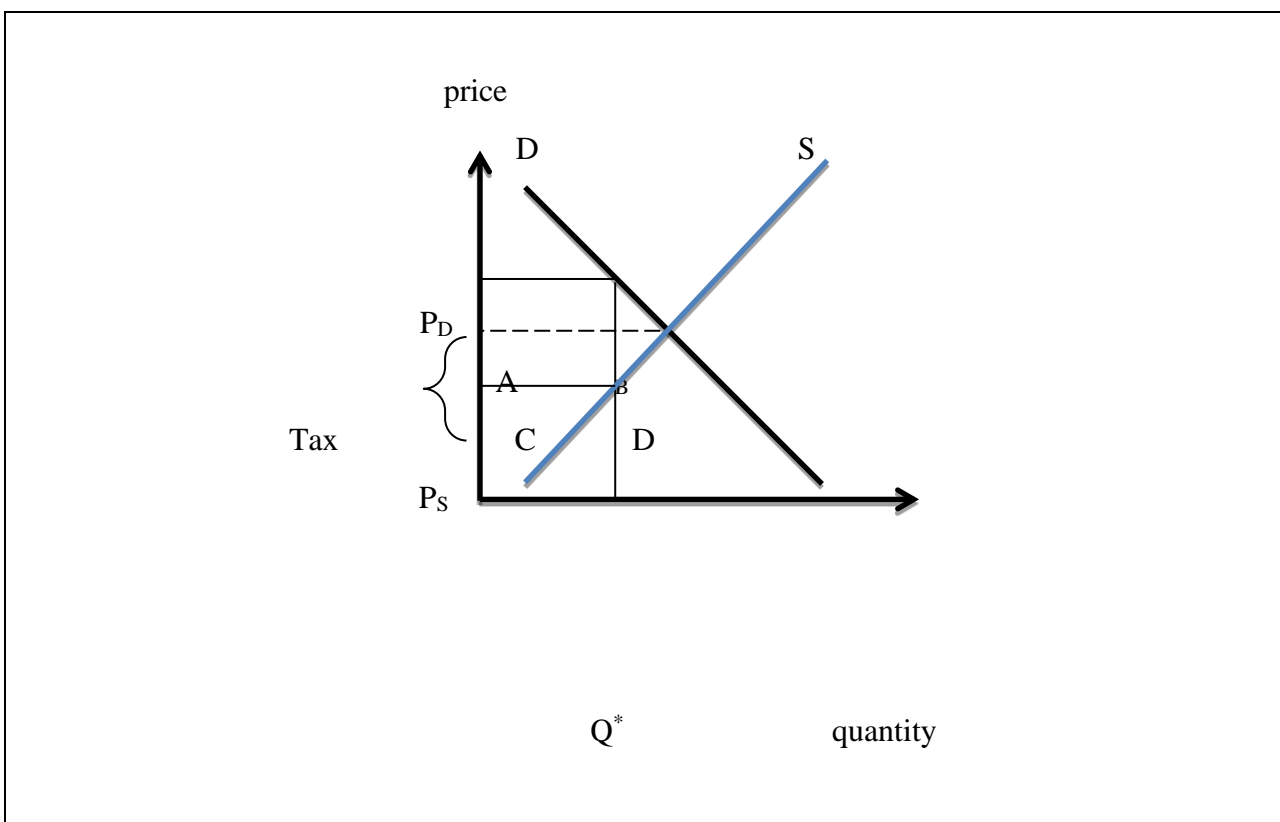
However, both consumers and producers will benefit to some extent from government revenues. Because they can receive financial assistance, public services from tax cuts. Assume that the tax revenue is fully spent on consumers and producers, i.e., the financing of services provided by the state is assumed to be equal to the tax revenue. In that case, the net gain of the state is A + S, which is equal to the tax revenue. Thus the loss of the surplus of consumers and producers constitutes the net loss, the tax revenue constitutes the purity of the state, and the total net loss of the tax is equal to the sum of the following surfaces:

- Consumer redundancy loss – (A+B)
- Manufacturer surplus – (C+D)
- State achievement – (A+C)

– (A+B) – (C+D) + (A+C) = – A – B – C – D + A + C = – (B+D)

Hence, the - (V + D) face gives the loss of the society seen from the tax, i.e. the loss of the dead load, or is called the tax burden surplus. The source of the surplus tax burden is the losses of consumers and producers as a result of declining sales of these goods. The state does not receive any income from the reduction of production. From a societal point of view, this is the loss of a pure or dead burden.

Economic efficiency is said to be effective if it is not possible to increase one person's well-being without reducing another person's well-being.

It should be noted that efficiency cannot be the sole goal of economic policy because it cannot say anything about how income is distributed or economic fairness. However, efficiency is still the main goal. Whether it is a competitive market or any other economic mechanism, two important issues need to be clarified: how much is being produced and who will get it. The competitive market determines how many products it needs to produce based on the demand for it, i.e. how much the buyers pay to the suppliers of the goods. Let's look at Figure 16.8 below. If the production volume is less than the competitive quantity Q *, a seller is found who offers an additional unit of goods at a price lower than the price paid by the buyer. If a manufactured good were thus traded between a single seller and a buyer at a price between the seller's price and the buyer's price, the welfare of both would be increased. This means that if the production volume is less than the equilibrium volume, such a distribution cannot be effective according to Pareto because at least one seller and one buyer would be found to be able to increase their welfare.

Similarly, if the production volume is greater than Q *, then the price that an additional unit accumulates for a commodity will be lower than the selling price of that commodity.

If the seller lowers the price, both the seller and the buyer increase the welfare. It will be effective on Pareto only if Q * is produced in equilibrium volume. They are willing to take the price paid for a unit product to put a unit brand, and these are equal to each other.

Thus, the competitive market provides Pareto efficient production capacity. In a competitive market, goods are sold at the same price. The rate of limited exchange of the same commodity with other commodities is equal to the price of that commodity (here the price of another commodity is considered to be equal together). Whoever pays that price gets the goods, whoever can't pay can't get the goods.

Figure 5. Pareto efficiency.
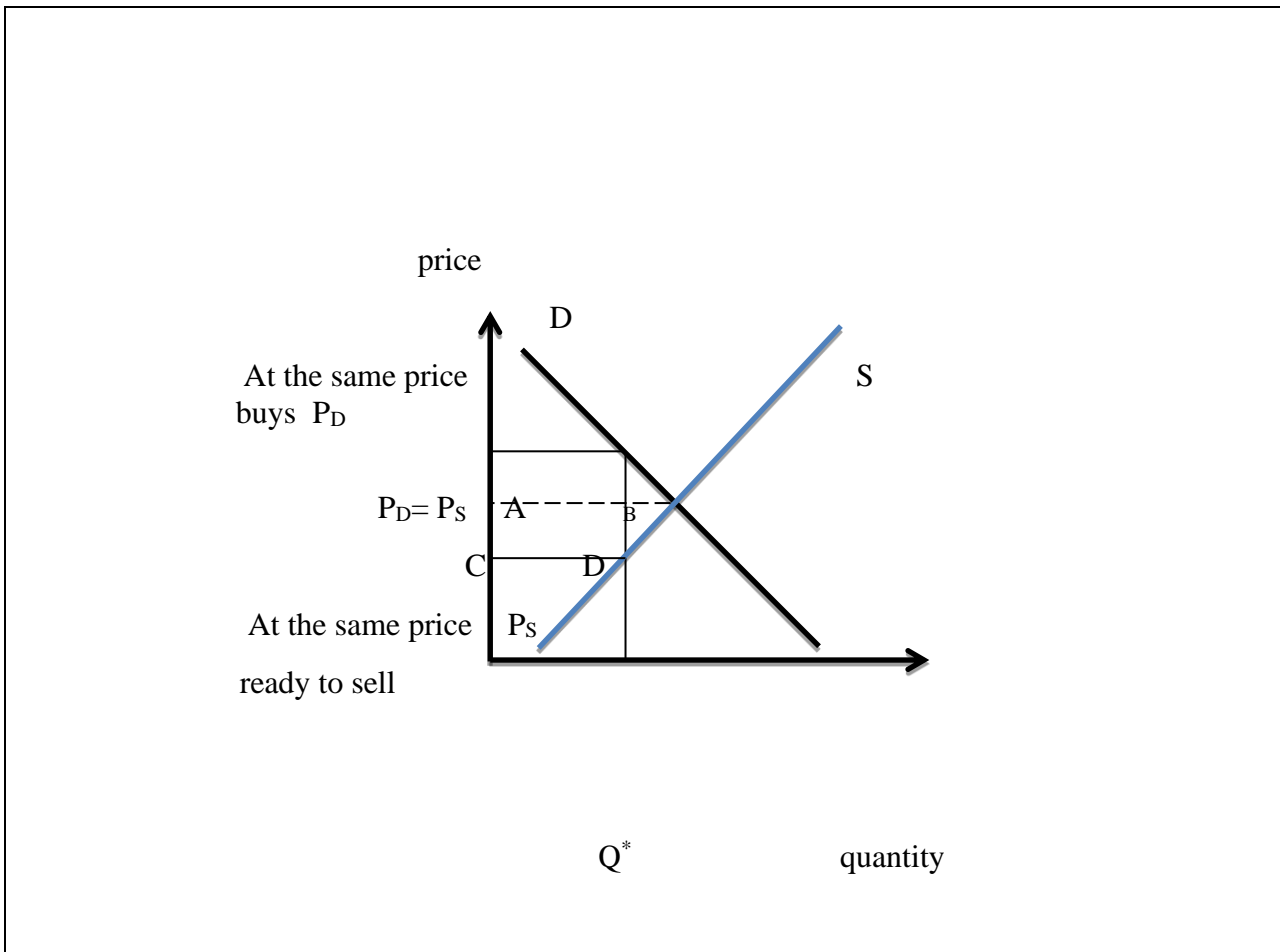
For example. Wait in line.

Another way to distribute resources is for people to take turns getting this resource. For example, in a small town, tickets for a football game are being distributed. Whoever is in the queue can get one ticket for free. In this case, the ticket price will be the cost of standing in line. There are those who are interested in football and those who are not. Who can guarantee that those who are not interested in football will stand in line to get a free ticket. Those who are not interested in football can get one ticket for free and sell it to anyone who is interested.

So, whether the distribution of tickets here ends with a free distribution at the box office, such a distribution is not effective across Pareto. Ticket distribution will continue until those who are not interested in football have finished buying tickets.

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