



ASSIGNMENT

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COURSE

TAXATION ECONOMICS AND POLICY

INTRODUCTION

Taxation is the imposition of compulsory levies on individuals or entities by governments in almost every country of the world.

PRINCIPLES OF TAXATION

fairness,

certainty,

convenience

and efficiency.

HOW IS TAX POLICY MADE?

The tax bill is initiated in the House of Representatives and referred to the Ways and Means Committee.

When members of this committee reach agreement about the legislation, they write a proposed law.

After Congress passes the bill, it goes to the president, who can either sign it into law or veto it.

HOW DOES TAX POLICY AFFECT THE ECONOMY?

Primarily through their impact on demand.

Tax cuts boost demand by increasing disposable income and by encouraging businesses to hire and invest more.

Tax increases do the reverse.

These demand effects can be substantial when the economy is weak but smaller when it is operating near capacity.

THE STAGES OF TAXATION

The levying of taxes can be divided into three successive phases:

(1) assessment, or the definition of the exact amount subject to taxation under the statute;

(2) computation or calculation; and

(3) enforcement. While every effort has been made to follow citation style rules, there may be some discrepancies

IMPORTANCE OF TAXATION IN THE ECONOMY

Governments use tax revenue to carry out their traditional functions such as the provision of public goods and services;

maintenance of law and order;

defense against external aggression;

and regulation of trade and business to ensure social and economic maintenance

IMPACT OF TAXATION ON THE ECONOMIC GROWTH

Impact of Taxation on Human Capital In the growth model, human capital is the next factor which is influenced by taxation.

Because of growing marginal product, human capital has such an effect that investment into education is effective in economies which are in the steady state.

FOUR WAYS TAXES IMPACT THE ECONOMY

Each focuses on a key tax policy issue that Congress and the Trump administration may address.

Tax policy can affect the overall economy in three main ways:

by altering demand for goods and services;

by changing incentives to work, save and invest;

and by raising or lowering budget deficits

CONCLUSION

A major objective of the tax reform is to facilitate and promote faster growth of the economy.

Increase in the tax ratio but a faster growth in revenue arising from a higher growth rate of the economy.

SUMMARY

Taxation provides a means to redistribute economic resources toward those with low income or special needs.

BIBLIOGRAPHY

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The economics of tax policy by Alan J Auerbach

Tax strategies by Amanda Han