

In-Class Problems Lecture 6

1. Gruber Chapter 19, Question 2

Assume that the statutory incidence falls upon the consumer.

2. Corporate Income Tax

The incidence of the corporate income tax is one of the most heavily debated issues in economics. The United States has just seen substantial corporate tax reform. In the context of this tax reform, corporate tax rates have fallen. Discuss which parties may bear the burden of this tax, and who has therefore benefitted most from its decline.

Don't discuss how the burden of the tax is shared – just identify who could possibly bear the burden of the tax, and who could, therefore, benefit from potential tax changes.

3. Gruber Chapter 19, Question 3