HOW TAX CUTS STIMULATE THE ECONOMY

LAPSHIN
AGRBA
GMU3-4

- Tax is a state forcing a certain amount of money from households and firms not in exchange for goods and services.

- Since the services of the state are used by all members of society, the state collects a fee for these services from all citizens of the country, and taxes serve as a tool for redistributing national income.

- Taxes affect both aggregate demand and aggregate supply.

- Impact of tax changes on aggregate demand Conversely, tax cuts increase aggregate demand

- This measure can be used to stabilize the economy during a recession, stimulating business activity and employment.

- Firms view taxes as a cost, so tax increases lead to a reduction in aggregate supply, and tax cuts lead to increased business activity and output.

- tax plays a big role in the economy of each state.
- tax cuts, stimulates citizens for economic development within their families, and also helps companies to do small and big business, which also improves the country's economy