

Who bears a per-unit tax?

Sellers must remit a \$4 tax for every bottle sold.

Task 1: predict who bears the burden and explain why.

Our evidence will be a hypothetical market, not a vote on a real policy.

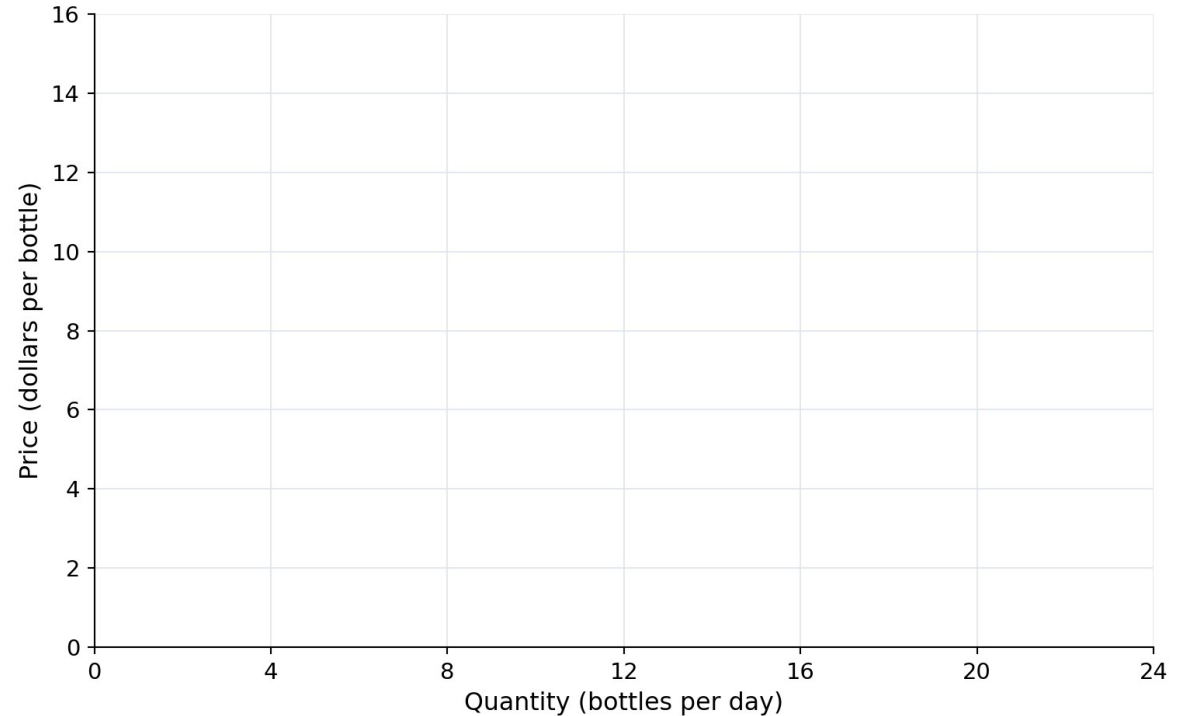
Read the model before the result

Illustrative simulated bottle-market data.

Quantity: bottles/day. Price: dollars/bottle.

Straight lines; competitive market; fully collected tax; no other policy or market failure.

Task 2: plot D and S from your table and label the original equilibrium.

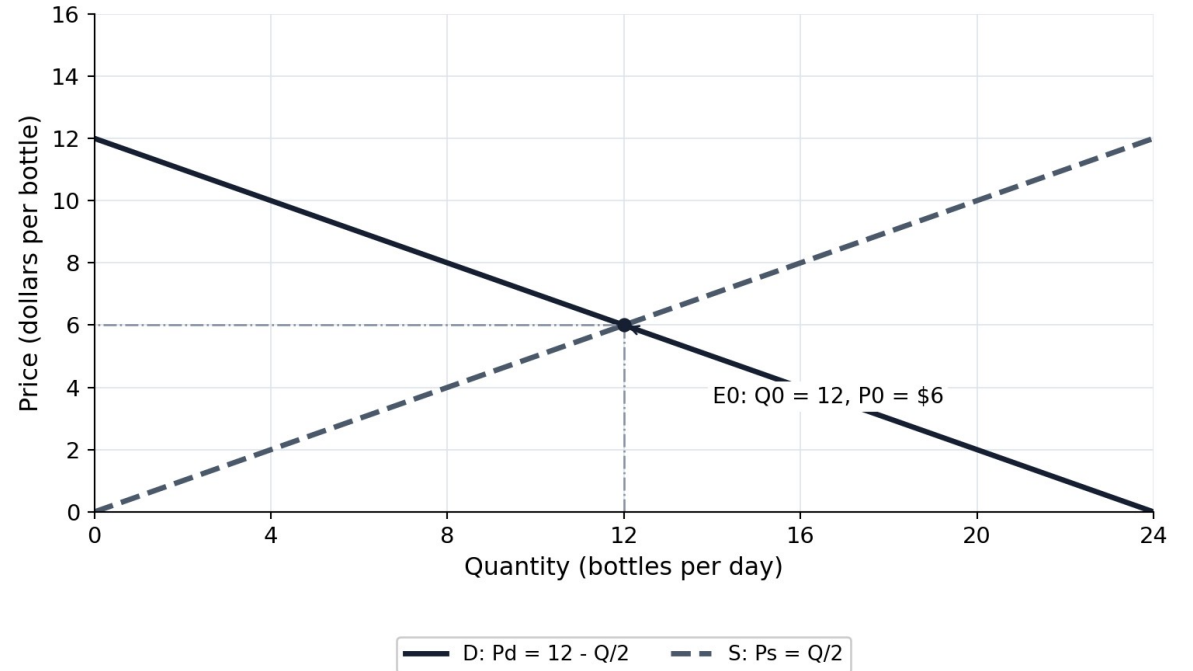


Baseline check, after your graph

Original quantity: 12 bottles/day.

Original price: \$6 per bottle.

D and S meet at E0; the table prices agree there.

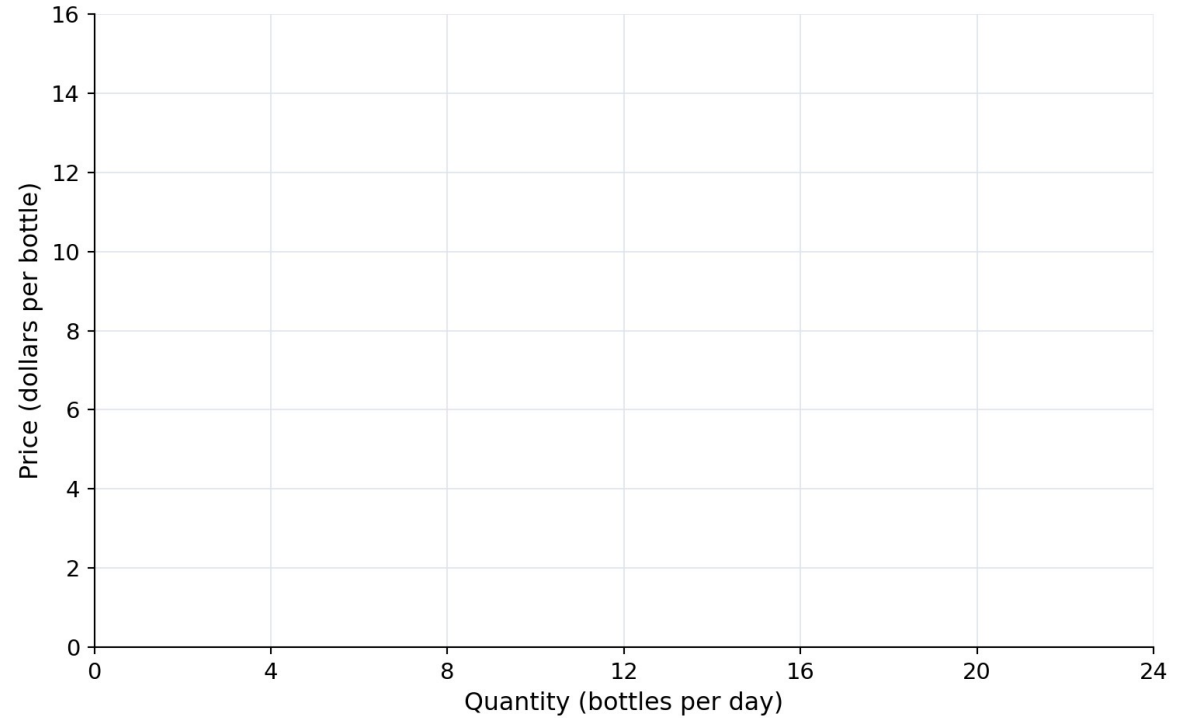


Build the \$4 wedge

Task 3: add \$4 to every original supply price.

Task 4: graph $S + \text{tax}$ and locate its intersection with D .

At the new quantity, mark what buyers pay and what sellers keep.



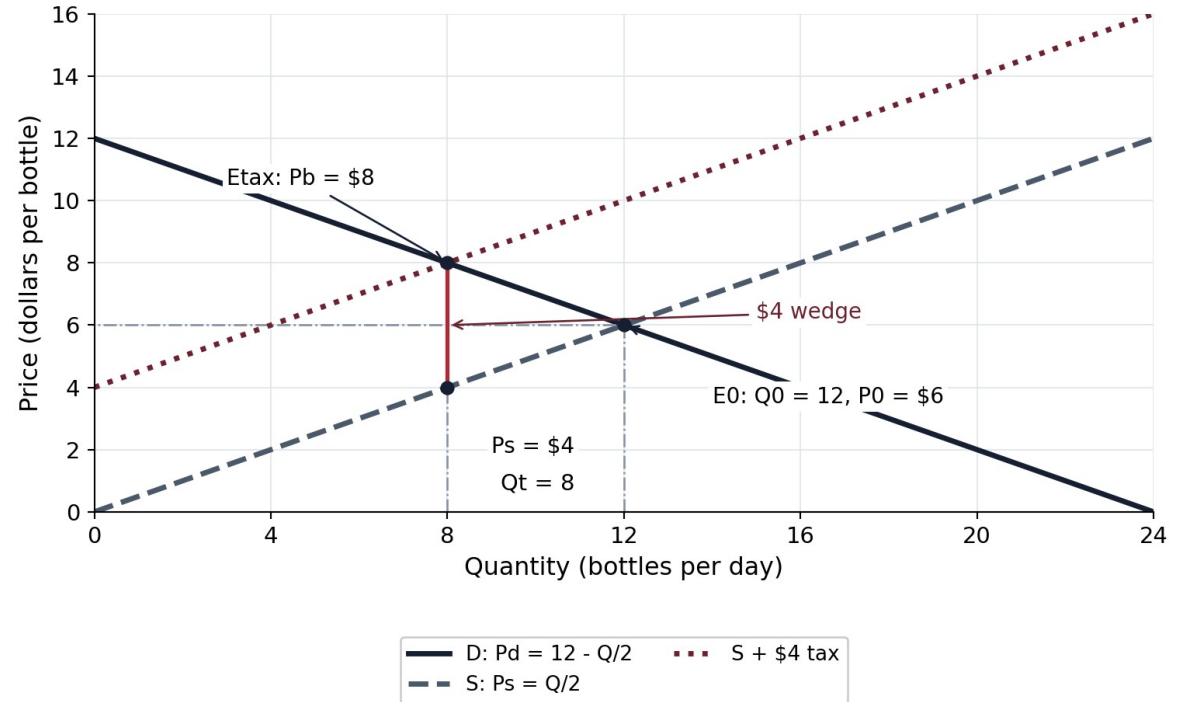
Taxed outcome, after your attempt

Quantity traded: 8 bottles/day.

Buyers pay \$8; sellers retain \$4 per bottle.

The vertical difference is the \$4 tax.

Both prices belong to the same new quantity.



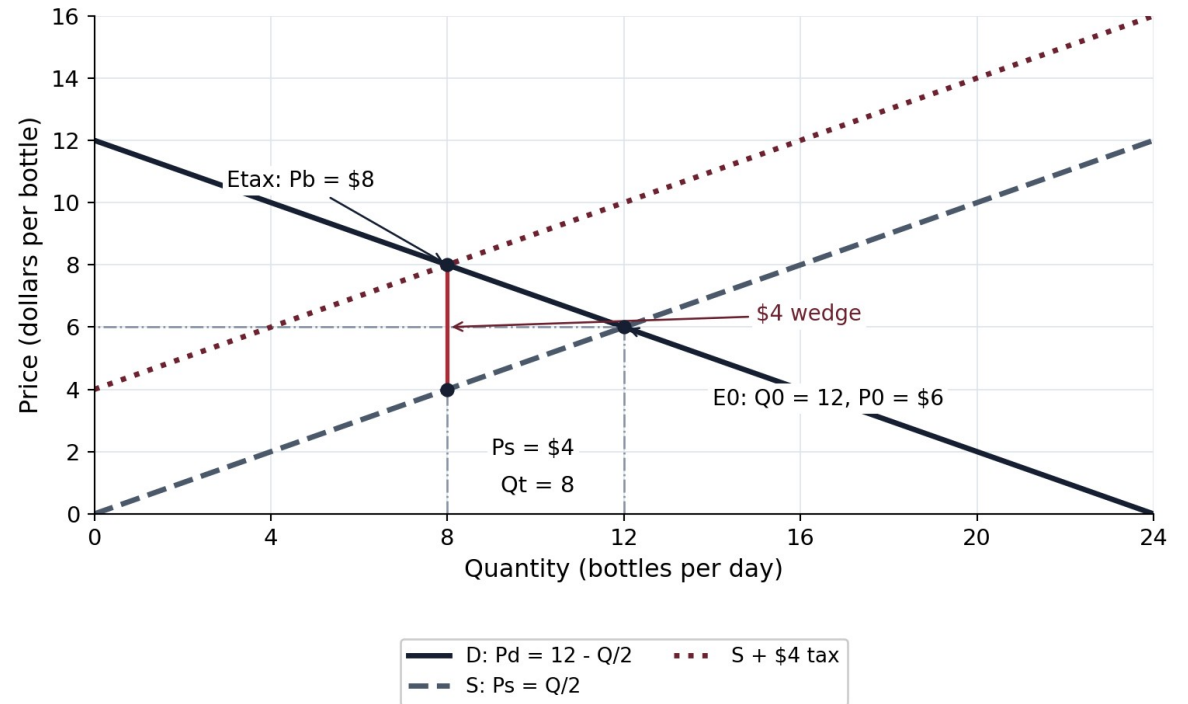
Account for traded bottles

Task 5 first: compare both prices with the original \$6.

After checking: buyers bear \$2 and sellers bear \$2 per bottle.

Each bears \$16/day on traded bottles, with a 50% share.

Per-bottle amounts and daily totals need different units.



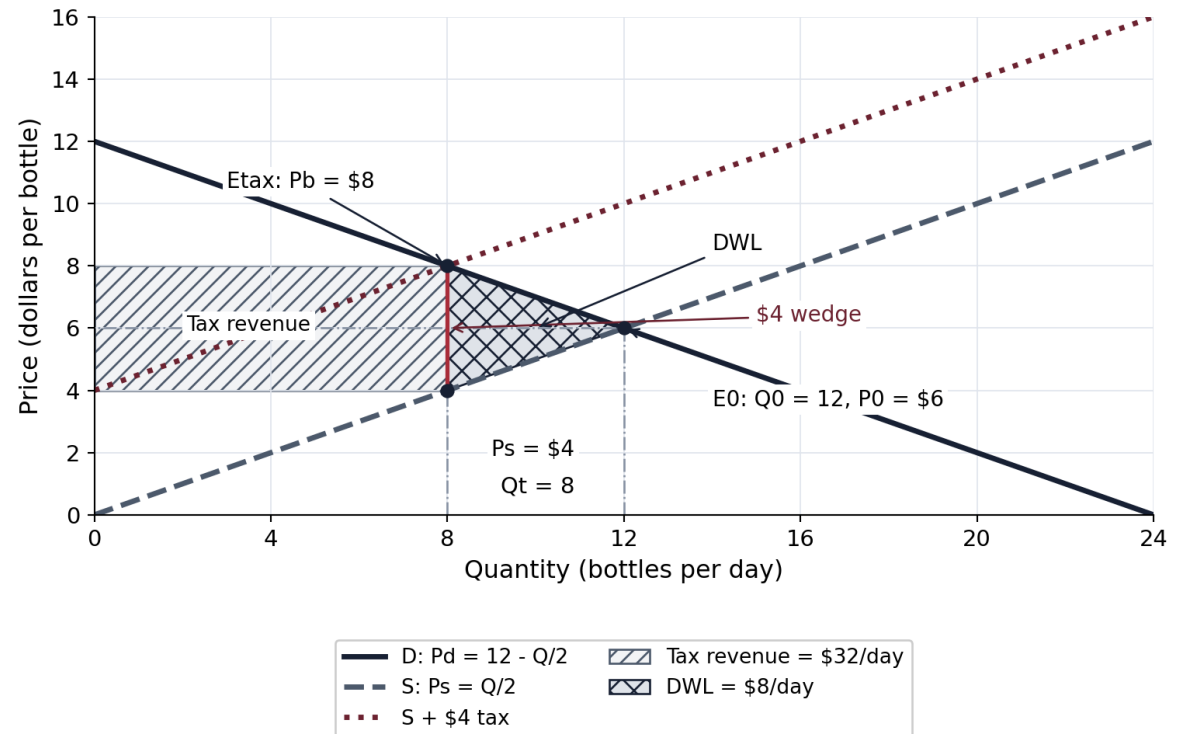
Revenue is not deadweight loss

Task 6 first: shade the rectangle and triangle with distinct patterns.

After checking: revenue = $\$4 \times 8 = \$32/\text{day}$.

Deadweight loss = $1/2 \times \$4 \times 4 = \$8/\text{day}$.

Four bottles/day of trades between the new and original quantities no longer occur.

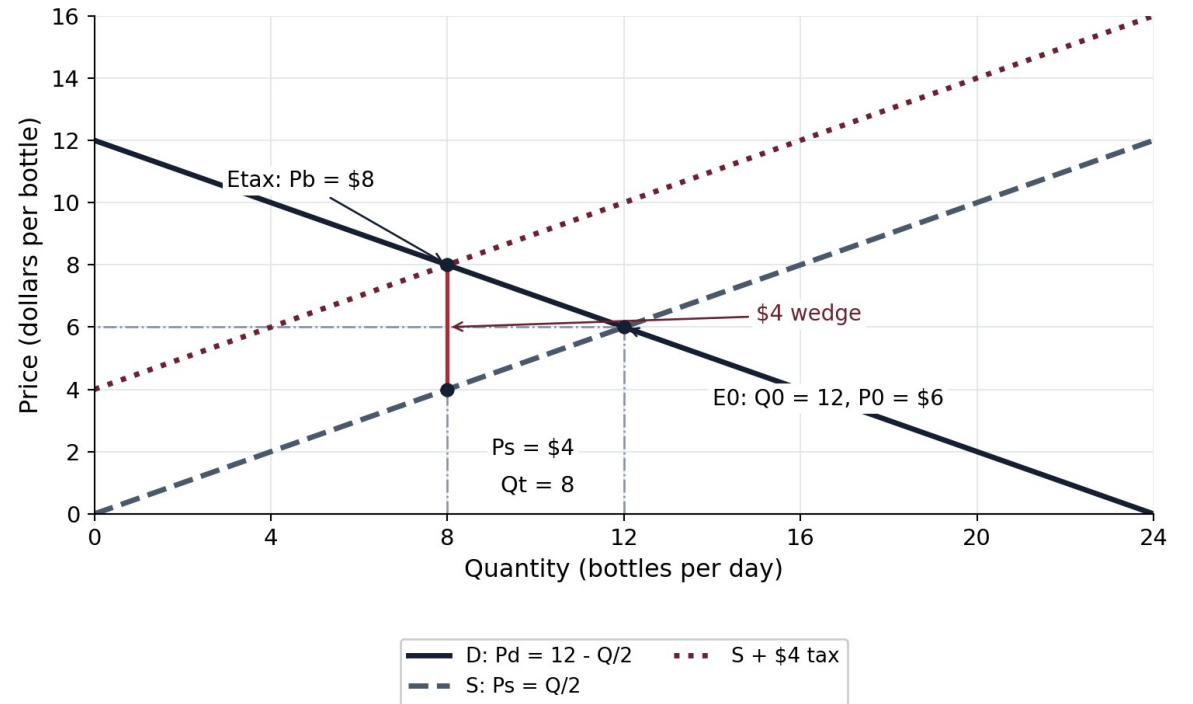


Test who sends and who bears

Task 7: evaluate the claim using P_b , P_s , and P_0 .

Revisit your original prediction.

Would changing the legal remitter alter incidence under the same assumptions?



Transfer to another market

Task 8: compare price responsiveness in percentage terms.

Demand is less responsive than supply in the new market.

Explain which side would bear more; a line's slope alone is not a universal elasticity measure.

Exit: four independent checks

Complete tasks 9-12 on the exit page.

Select one answer for each item; use your own graph and accounting.

Check quantity, seller receipt, tax revenue, and relative responsiveness.