

Taxes are the tools of government market and economy as a whole regulation. Changes in tax rates, directly or indirectly affects all elements of the market.

On the supply change of taxes makes a direct impact. So while the tax will be reducing costs of entrepreneurs will be reduced too, as well as production costs decrease, which in turn will enhance their business. Activation of the enterprise will enable them to produce more goods or reduce prices. And one is another option lead to increase supply in the relevant market.

Tax ↓ → ***Costs*** ↓ → ***Prices*** ↓ → ***Quantities of goods*** ↑ → ***Supply*** ↑