Taxes/subsidies/Price controls

- Indirect taxes: Imposed upon expenditure, placed upon the selling price of a product.

  Specific tax is of a fixed amount. Percentage tax (ad valorem). The shift is different at each point.

\[ P \]
\[ S + \text{tax} \]
\[ D \]
\[ Q \]
\[ qe_1 \]
\[ qe \]

**IF PED < PES** then the burden on consumers is higher. High tax revenue with low effect on the production. **PED > PES** higher burden on producers. **PED = PES** equal share of the burden.