

Effects of Taxation on Business

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graph LR; A(Effects of Taxation on Business) --- B[Cost]; A --- C[Reduces Profits]; A --- D[Custom Duties]; A --- E[Demotivating/Less Overtime];
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Cost

Collecting and recording tax is a huge cost to a business

No payment is received from the state

Accountant's fees

Reduces Profits

Which reduces dividends to shareholders and amount of retained earnings for expansion

Custom Duties

Increase the price of raw materials imported, thus increasing the cost of production

Demotivating/Less Overtime

High rates of personal taxation reduce the incentive to work and seek promotion
Hard to persuade workers to do overtime