Unit IA: Tax Policy Basics

We will spend the first class on January 17 exploring the basics of tax policy before delving into the nuts and bolts of our current tax system on January 22.

For the first class, please read pages 1-4, 12-22, and 27-40 from Federal Income Taxation: Principles and Policies (5th ed. 2005), by Michael J. Graetz and Deborah H. Schenk. Be prepared to discuss the following issues:

1. You are an aide to a Senator who says that she is thinking of proposing a special tax of $10,000 per Mercedes on people who buy Mercedes cars. Do you think that this is a good idea or a bad idea? Why? What principles do you think should be used to evaluate this idea?

2. Should someone who earns $200,000 a year be taxed more heavily than someone who earns $50,000 a year? Why or why not? If you answer yes, how much more?

We will be using TWEN for the remainder of the semester, so be sure to add our class to your course list. The assignment for January 22 has already been posted, as has a tentative syllabus.