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IMPACT OF TAXATION: A STUDY ON TIMBER BUSINESS

Dr.M.Kumarswamy, Ms. Ashwini N.S
Professor, Junior Research Fellow
Department of studies in Commerce
University of Mysore, Manasagangotri, Mysore, Karnataka

Abstract: This study investigates the impact of taxation on the timber business, focusing on how tax policies influence the economic, environmental, and operational aspects of the industry. By analyzing the tax structure, profitability, incentives, regional and international taxation, ecological implications, economic development, compliance burden, and stakeholder perspectives, this study provides a comprehensive understanding of how tax affects timber businesses. The findings provide valuable insights into the challenges and opportunities faced by the industry, offering policymakers and industry stakeholders a deeper understanding of how taxation influences the sustainability and growth of the timber business. The study's results contribute to the development of effective tax frameworks that support the long-term viability of the timber industry while promoting responsible forestry practices and environmental conservation.

Key Words: Goods and Services Tax, Incidence of Tax, Timber Business.

1. Introduction:

The timber industry plays a pivotal role in many economies, particularly those abundant in forest resources. It is a significant source of employment by supporting jobs in logging, sawmilling, papermaking, and furniture manufacturing, as well as indirectly in related industries like machinery supply, transportation, and construction. Beyond job creation, the industry is a significant revenue generator, contributing to government revenues through taxes, tariffs, and export earnings. The timber industry also feeds into other sectors by providing raw materials for construction, pulp and paper, and biomass energy. Furthermore, sustainable management of this industry can aid in climate change mitigation by promoting responsible forestry. Thus, the timber industry is a significant economic pillar with far-reaching impacts.

Taxes on the timber industry include income taxes, property taxes on timberland, and severance taxes on harvesting timber. Import and export tariffs may also be associated with international trade. These taxes affect various stakeholders in the supply chain, from landowners to mills and consumers. Understanding tax incidence in the timber business requires examining complex economic relationships; how taxes alter market dynamics, distribute changes across stakeholders, and their impact on the industry's long-term sustainability.

Timber businesses are typically taxed on their profits, which can vary based on factors like business structure, jurisdiction, and applicable tax laws. If the business operates as a corporation, it may be subject to corporate tax, which is a separate tax on the net income of the corporation. Land and standing timber on it may be subject to property taxation, often based on the assessed value of the property. Depending on the country, a timber business may be required to collect and remit GST on its timber sales, which are typically applied as a percentage of the sale price of the timber products. Some jurisdictions impose taxes on the extraction or harvesting of timber resources, aiming to generate revenue for the government and promote sustainable forestry practices. If the business engages in international trade, it may be subject to export or import duties on timber products, which can vary depending on the country and the type of timber product being traded. In addition to national or federal taxes, timber businesses may also be subject to local taxes, fees, or levies.

The objective of the study on the incidence of tax on timber business is to examine and analyze the various taxes impose on timber businesses, understand their implications on the industry, and provide insights into how these taxes affect the financial performance, competitiveness, and sustainability of timber businesses. The research aims to shed

light on the specific tax obligations faced by timber businesses and explore potential strategies for managing tax liabilities effectively. Additionally, the study may seek to identify any gaps or areas for improvement in tax policies and regulations pertaining to the timber industry. The study explores the various taxes impacting the timber industry, examines the current tax structure, analyzes their impact on profitability and sustainability, and assesses who bears the tax burden.

1.1 Conceptual background of the study:

Tax incidence in the timber business refers to the economic impact and distribution of a tax burden among various parties involved in the production, distribution, and consumption of timber products, requiring understanding of how taxes affect stakeholders within the supply chain. Tax incidence refers to who ultimately bears the burden of a tax in the timber business. Initially, loggers may be taxed, but they can pass on some or the entire tax burden to others by rising log prices. This, in turn, causes sawmills to pay more for logs, leading them to increase lumber prices. Lumberyards and contractors may also raise prices to cover their increased costs of lumber. Ultimately, consumers of wood products will likely pay higher prices and bear some of the tax burden. The distribution of the tax burden depends on elasticity of supply and demand. If demand is less elastic, firms can pass on more of the tax burden to customers. Producers and sellers closer to the final consumers can typically pass on a larger share of the tax burden. However, the timber industry faces competition from substitutes like steel, concrete, and plastics, which may limit their ability to pass on the tax burden and result in lower profits.

The tax incidence on the timber industry is influenced by the redistribution of tax burdens among stakeholders in the supply chain. Factors like demand and supply elasticity, market structures, and government policies influence the burden on producers, consumers, and intermediaries. Higher taxes can lead to reduced supply, affecting consumers, while higher product prices may cause consumers to reduce purchases, affecting production and trade. The interplay of economic and social considerations shapes the distribution of tax burdens across the industry's participants.

The timber industry's tax incidence is influenced by the elasticity of supply and demand. Inelastic timber supply, such as slow tree growth, may lead to producers absorbing the tax burden, resulting in higher prices. Conversely, inelastic demand, where consumers don't quickly reduce consumption, can shift the tax burden to consumers without significantly affecting overall demand. Intermediaries like wholesalers and retailers also impact tax incidence, affecting the distribution of costs and prices throughout the supply chain. Government policies, aiming to generate revenue, promote sustainability, or achieve socio-economic objectives, can shape the tax structure and its impact on industry participants. Understanding these dynamics is crucial when crafting tax policies that influence the timber industry and its broader economic and environmental implications.

The analysis of tax incidence on the timber business relies on two main theoretical areas: tax incidence theory in public economics and sector-specific models in forestry economics. Tax incidence theory states that the burden of a tax is determined by the elasticity of demand and supply, rather than who is legally responsible for paying it. If supply is more elastic than demand, consumers will bear most of the tax burden, and vice versa. Forestry sector models, like the Hartman Model, take into account the unique characteristics of the forestry industry, such as long production cycles, significant upfront investments, and regulatory constraints. The Hartman Model suggests that tax policy can influence decisions on when to harvest timber, which is crucial in forestry.

2. Review of Literature:

This literature review provides an overview of research paper on the incidence of tax in the timber business. The reviewed studies cover a variety of areas, such as the impacts of different types of taxes, the geographical distribution of tax, incidence of taxes, and the effects of taxes on various stakeholders within the timber industry.

Review of published articles, and working papers:

A number of research articles relating to incidence of tax on timber business have been published in several journals and magazines at national and international levels. A few of these have been reviewed as under.

Kilgore M (2016) study on tax incentives in promoting sustainable forestry found that income tax policies can significantly influence the profitability of timber investments. Tax deductions on timber-related expenses can act as powerful incentives, encouraging landowners to adopt sustainable forestry practices. This research underscores the importance of tax policies in advocating for sustainability in the timber industry and calls for policymakers to consider these impacts when developing tax plans.

Prestemon J (2017) the researcher found in his article "The Effects of Property Taxes on Timberland Use and Decisions" found that increased property taxes can lead to early timber harvesting, causing adverse environmental impacts such as dwindling biodiversity, soil degradation, and increased carbon emissions. The study emphasizes the importance of tax policies in guiding land use decisions in the timber industry and emphasizes the need for policymakers to carefully consider environmental repercussions when formulating property tax strategies for timberland.

H. J. Green (2018) "The Incidence of Carbon Taxes in the Timber Industry". With growing concern about climate change, Green's research on carbon taxes in the timber industry is especially relevant. The author showed that while the incidence of carbon taxes can initially harm the sector's profitability, it can also incentivize innovation and adoption of carbon-efficient technologies, leading to long-term benefits for businesses and the environment.

Zhang, Y., et al. (2019) research paper, "The Impact of Taxes on Small-Scale Timber Producers," found that tax policies can disproportionately burden smaller producers. They found that these producers often lack the resources to manage extra tax obligations, potentially leading to imbalances in the industry. Elevated taxes may make them less competitive against larger entities. The study emphasizes the need for policymakers to consider the varied impacts of tax policies and ensure they don't unintentionally disadvantage small-scale producers, promoting fair growth in the timber industry.

P. O. Johnson (2021) an article titled "Tax Incentives and the Timber Industry: An Empirical Analysis" Johnson's empirical study highlighted the role of tax incentives in shaping the timber industry's growth and sustainability. The author found that targeted tax incentives, such as deductions for reforestation expenses, can significantly impact the industry's long-term viability and environmental impact.

Naik et al. (2022) examined taxation policies affecting private forestry in Karnataka, India. They found that farmers growing timber on private lands face multiple taxes on harvests and sales, increasing their financial burden. This can make private forestry less profitable and discourage farmers from engaging. The study suggests a comprehensive review of taxation policies related to private forestry to encourage more farmers, contribute to the state's economy, and aid in environmental conservation efforts.

Prakash et al.'s (2022) study reveals that the Goods and Services Tax (GST) implementation in India has negatively impacted the Indian timber industry, particularly small operators. The study suggests a need for a more nuanced approach to taxation, considering the unique characteristics of different sectors and implementing a tiered or progressive tax system.

Sharma's (2022) study on the tax burden on timber products in Uttarakhand, India, found that plywood manufacturers face the highest effective tax rates. This could be due to the various stages of production involved in creating plywood, each potentially attracting additional taxes under the GST regime. The study suggests a need for tax reconsideration and re-examining the tax structure for plywood production, as an unchecked tax burden could stifle growth and negatively impact the industry's profitability.

Review of Committees Reports:

This report summarizes significant studies on the incidence and impact of taxes in the timber industry, examining various aspects including property taxes, tax incentives, and impacts on small-scale producers, global tax incidence, market dynamics, and international competitiveness.

Prof. James A. Robinson (2017) "Property Taxation and the Timber Industry: An Analysis" is a comprehensive study that examines the relationship between property taxes and the timber industry. It examines the design, enforcement, and variation of property taxes across jurisdictions, influencing investment decisions, operational costs, and profitability. The robust data analysis, backed by quantitative methods and real-world case studies, is a valuable contribution to the discourse on property taxation in the timber industry.

Dr. Ravi Sharma (2018) ‘‘Tax Implications on the Indian Timber Industry: Yearly Analysis” examines the tax impact on India's timber industry over time. It emphasizes rising tax rates due to government efforts to promote sustainable forest management and discourage deforestation. The study explores the effects on profitability, investment, employment, prices, and consumer burden. Although useful for policymakers, industry stakeholders, and academics, it lacks analysis of regional disparities and state-specific responses to tax changes.

Prof. Maria Rodriguez (2019) "The Impact of Taxation on Small-Scale Timber Producers" provides an overview of taxes such as income, property, sales, and excise, and analyzes their effects on operational efficiency, profitability, and long-term viability for small-scale timber producers. The study's empirical approach and use of data from various producers lend credibility to its conclusions. It also provides policy recommendations to ease the tax burden, such as tax incentives and simplified filing procedures. Shorten this text.

Prof. Meena Patel's (2019) study finds that reduced profit margins, scaling challenges, and increased competition from larger companies are significant burdens for SMBs in India. To humanize the data, the report uses case studies and proposes tax reforms to support the growth and sustainability of small and medium-sized businesses (SMB). This includes offering incentives for sustainable practices, reducing tax rates for smaller businesses, and improving government subsidies. The report could have been compared with larger corporations and global standards.

Dr. Ananya Sen (2021) study on tax incentives and subsidies in India's timber sector provides a comprehensive analysis of their impact on industry practices and growth. The study highlights the need for better design and distribution of incentives to promote sustainability and growth, providing valuable insights for policy-making and academic research.

3. The Research paper has been justifying the following Questions:

1. Will Tax on the timber business lead to decreased profitability and consumptions?
2. An increase in taxes on the timber products will lead to increased prices?
3. How the tax incidence and shifting mechanism works in timber business?

4. Objectives of the paper:

The objectives of the paper are:

1. To understand the different taxes laved on Timber Industry in India.
2. To study the process of Timber business in Indian.
3. To analyse the procurement and sales management in Timber business.
4. To highlight the impact of taxes on the profitability and sustainability of the Timber business.
5. To evaluate impact of incidence and shifting tax burden in the Timber Industry.

5. Analysis and Discussions:

The timber industry is a crucial sector that contributes significantly to the global economy. It involves harvesting trees from forests, processing them into raw lumber, and refining them into products like furniture, paper, and construction materials. Timber businesses range from small, family-owned operations to multinational corporations, all of which play vital roles in this supply chain. Taxes are a critical consideration for all businesses, including those in the timber industry. They represent a significant cost that businesses must account for in their operations and can significantly affect profitability, investment decisions, and sustainability practices.

Customs duties, or tariffs, are taxes on goods transported across international borders. These taxes are particularly relevant for timber businesses engaged in international trade, either importing machinery, exporting timber products, or both. The rates can vary widely, depending on the countries involved and the specifics of their trade agreements. The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. In the context of the timber business, GST applies to the sale of timber and timber products. The impact of GST on the price of these products influences the demand from consumers and, therefore, the businesses' revenues.

The Goods and Services Tax (GST) significantly impacts the timber industry by simplifying tax structures and ensuring uniform treatment nationwide. Timber businesses are required to collect and remit GST on their sales, affecting the tax burden and distribution among stakeholders. GST also provides input tax credit, allowing businesses to claim credit for GST paid on inputs. However, GST can impose compliance and administrative burdens on smaller firms, and the GST rate on timber products can influence pricing and industry competitiveness. Understanding GST's role helps policymakers and businesses navigate tax implications and develop effective tax management strategies, promoting industry growth and sustainability.

In the process of the timber business, Goods and Services Tax (GST) is applicable at various stages, including procurement, manufacturing, and sale of timber products.

- When timber businesses procure raw materials from forests or suppliers, such as logs or timber, GST applies to the purchase. The GST paid on these inputs can be claimed as an input tax credit while filing GST returns. For instance, Timber Business A can claim Rs. 1,000 as an input tax credit when purchasing Rs. 10,000 worth of logs at a 10% GST rate.
- Timber businesses that process or manufacture timber products are subject to GST on the value added, with the rate depending on the product. For example, Timber Business B processes purchased logs into lumber and manufactures furniture, charging 18% GST on the selling price. For instance, if a piece of furniture costs Rs 500, they would charge Rs 90 as GST.
- When timber products are sold to customers, GST is charged on the selling price. The applicable GST rate for timber products is determined based on the product category or classification. The GST amount collected from customers needs to be accounted for and remitted to the tax authority. For instance, Timber Business C sells timber planks to a construction company for Rs 5,000, with an applicable GST rate of 12%. Timber Business C would charge Rs 600 GST to the customer. This GST amount must be accounted for and remitted to the tax authority.
- Timber businesses can claim an input tax credit for the GST paid on their purchases, including raw materials, equipment, and machinery used in manufacturing or processing timber products. This helps reduce their overall tax liability by offsetting the GST paid on inputs against the GST collected on sales. For example, Timber Business D purchases machinery for Rs 50,000 at a 10% GST rate and can claim $5,000 as an input tax credit while filing GST returns.
- Timber businesses must adhere to GST regulations, including registration, filing regular returns, and maintaining accurate documentation.
- Timber businesses must file periodic GST returns, providing details of their sales, purchases, GST collected, and input tax credit claimed. Based on the GST returns, businesses must pay the net GST liability to the tax authority within the specified timeline.

Taxation in the timber business is multifaceted, involving customs duties and GST, income tax, property tax, and possibly other taxes like stumpage fees and severance taxes. These taxes collectively form a significant part of the operating costs of a timber business. The incidence of these taxes—that is, who ultimately bears the tax burden—can significantly shape the dynamics of the timber industry, influencing everything from profitability and investment to sustainability and conservation efforts.

Taxes significantly impact the profitability of the timber business, with income, property, stumpage fees, severance taxes, and capital gains taxes all impacting the business's bottom line. High income and property taxes can reduce profits, while stumpage and severance taxes increase harvesting costs. Capital gains taxes can discourage timberland sales, limiting a company's ability to liquidate assets for profit. However, taxes also have a significant impact on the sustainability of the industry. Stumpage and severance taxes can discourage overharvesting, promoting sustainable forest management, while property taxes can incentivize sustainable practices. However, high tax rates can unintentionally encourage illegal activities like unregulated logging. Therefore, policymakers must design tax structures that support the industry's economic viability and sustainable forest resource management.

Timber businesses span a wide range of operations, from procuring raw timber to manufacturing and retailing wood products. A significant aspect of this process is the management of procurement and purchasing. Procurement in the timber industry involves acquiring the necessary raw materials, primarily trees, which are converted into various timber products. This process occurs in several ways:

- Some timber businesses cultivate trees on plantations or managed forests. This process allows for control over the type and quality of the trees grown, and businesses can harvest the timber when it reaches the desired age and size. However, this procurement method requires substantial upfront investment and long-term planning, as trees can take many years to grow to a harvestable size.
- Many timber businesses harvest trees from natural forests. This method requires permission from the government or landowners, who often charge a fee or tax known as a stumpage fee. Harvesting from natural forests can provide a diverse range of timber types, but it also carries significant environmental implications. Therefore, sustainable forest management practices are crucial to prevent deforestation and maintain biodiversity.
- Importing timber is another procurement method, especially for countries with limited forest resources or businesses seeking specific wood types unavailable locally. Importation involves complying with international trade laws and potentially paying customs duties. Imported timber must also meet the importing country’s regulations, including adherence to specific sustainability standards or certifications

Purchasing management involves more than just acquiring raw timber. It also includes procuring equipment, machinery, and services necessary for the operation of the business. Effective purchasing management in the timber

industry requires a deep understanding of the market, including the prices and availability of various types of timber, the cost and capabilities of harvesting and processing equipment, and the industry regulations. Converting raw timber into finished products involves several stages, from harvesting to manufacturing. It requires careful management to ensure efficiency and minimize waste.

Step 1: Harvesting is the first step in the timber business process, where trees are selected and cut down from forests or plantations. The chosen trees depend on the type of wood needed for the finished product. This process must be managed carefully to maintain the sustainability of the forest and ensure a consistent supply of timber for future use.

Step 2: Once the trees are cut down, they are transported to sawmill. This step can involve heavy machinery and trucks, and it's crucial to minimize damage to the logs during transportation to reduce waste.

Step 3: The logs are cut into boards or other primary forms at sawmill. This process involves removing the bark, sawing the log into the desired dimensions, and grading the wood based on quality.

Step 4: Milling is a critical stage where much of the waste can occur. Efficient sawmill operations aim to maximize the yield of usable wood from each log and minimize the amount of sawdust and off cuts.

Step 5: After milling, the wood must be dried to reduce its moisture content. This step can be done naturally (air-drying) or in a kiln (kiln-drying). Wood drying makes the final product more stable and less prone to warping or shrinking. However, it needs to be carefully managed to prevent cracking or other damage to the wood, which could lead to wastage.

Step 6: Once the wood is dried, it can be processed into finished products. This step can involve many different processes, depending on the product being made. For example, it might include planing the wood to a smooth finish, cutting it to precise dimensions, assembling multiple pieces into a more extensive product, applying finishes or treatments, and packaging the final product for sale.

Throughout this entire process, waste management is a crucial consideration. Each step has the potential to produce waste, from sawdust and off cuts at the milling stage to defective or damaged products at the manufacturing stage. Efficient operations aim to minimize this waste and find uses for it where possible. For example, sawdust can be used for making particleboard, as a fuel source, or as mulch in gardening. By reducing waste and efficiently using resources, timber businesses can increase their profitability while contributing to sustainability.

An increase in taxes on the timber business can significantly affect producers' profitability, particularly for those operating in competitive markets and also higher taxes increase the cost of operation, which can squeeze profit margins and also an increase in taxes on the timber business can lead to higher prices for consumers, potentially reducing demand for timber products. The researcher has tried to explain with couple of hypothetical examples to illustrate this:

Suppose there's a small sawmill, Sawmill A, operating in a local market where several other sawmills exist. This market is highly competitive, with customers sensitive to price changes. If the government increases taxes on the timber business, Sawmill A's operational costs rise. However, because the market is highly competitive, Sawmill A can't easily pass these extra costs onto customers by raising prices (as customers might then choose to buy from cheaper competitors). Hence, Sawmill A must bear the brunt of these added taxes, decreasing its profitability.

In the second example Company A, that manufactures wooden furniture. If the government increases taxes on the timber industry, the cost of timber, which is a key, input for Company A, goes up. To maintain profitability, Company A might decide to pass on these increased costs to customers by raising the prices of its furniture. However, if consumers find these price increases too steep, they might decide to cut back on their purchases or switch to furniture made from cheaper, alternative materials. This can result in a reduction in demand for Company A's wooden furniture.

These examples underscore how increased taxes can squeeze profit margins, particularly in competitive markets where producers have limited power to pass on increased costs to customers. The impact can be especially serious for smaller businesses that may lack the financial buffer to absorb these increased costs and highlight how increased taxes can lead to higher consumer prices and potentially dampen demand. Depending on the price elasticity of demand for timber products (i.e., how sensitive consumers are to price changes), the decrease in demand could be substantial, negatively impacting the timber industry.

6. Some of the major findings of the paper:

The researcher has been identifying the following findings.

1. Various Taxes like customs duty on import of timber and Goods and services Tax on domestic business, income tax, property tax, stumpage fees, and severance taxes on timber business will significantly impact on profitability and sustainability of the timber industry, which will leads to increase its operational costs and price ultimately.

2. High tax rate and different tax on timber business will promote sustainable forest management practices, but, ultimately encourage illegal and smuggling activities both in procurement and sales.
3. The educative tax system plays a crucial role in supporting the industries, economic viability and promoting sustainable forest resource management at large.
4. The procurement process in the timber industry involves huge risk for purchase raw materials from primarily formers, plantations, harvesting trees from natural forests, and importing timber from other countries.
5. Effective purchasing management in the timber industry involves acquiring raw timber, equipment, machinery, and services, requiring a thorough understanding of market dynamics, prices, and industry regulations.
6. The conversion of raw timber into finished products involves several stages — from harvesting to manufacturing. Each of these stages requires careful management to ensure efficiency and minimize waste from the point of cost as well as input tax credit.
7. Waste management is a critical factor throughout the timber conversion process. Efficient operations aim to minimize waste and find its uses where possible, contributing to profitability and sustainability.
8. Timber sales in the industry involve selling various types of timber for different uses. Market dynamics, government regulations, and tax rates influence these sales.
9. Different types of timber are classified by species, size, quality, or intended use and are sold to various entities, including individuals, local businesses, factories, and government agencies.
10. Tax rates, particularly value-added tax (GST) on domestic goods and customs duties for imports or exports, significantly impact timber sales.
11. Systematic management of timber purchase and sales is critical for the long-term success and sustainability of the industry both by the governments and state holders.

7. Some of the major Suggestions of the paper:

The researcher offers the following suggestions to make timber business more profitable and sustainable in the wake educative tax system:

1. The incidence of tax on timber industry products at different stages with different percentages during the entire process but, after implement of GST the burden of tax can be reduced on the industries by charging single stage with lower rate, that will help the consumers, businessmen, government and finally for overall economic development of the country.
2. Educative Tax policies of the country will promote sustainable forestry in the timber industry by providing deductions or tax credits for reforestation, forest management, and eco-friendly technologies, supporting industry sustainability and climate change mitigation.
3. Allow tax deductions for costs associated with replanting trees after harvesting. This could encourage businesses to maintain the health and sustainability of forests.
4. Timber businesses can prioritize efficiency and waste management in timber conversion processes and careful management at each stage, from harvesting to manufacturing, to reduce waste and increase profitability.
5. Timber businesses may invest in long-term planning for timber procurement and purchasing management to ensure a consistent supply of raw materials and other necessary equipment and services.
6. Timber businesses can focus on waste management to increase profitability and contribute to sustainability.
7. Timber businesses can diversify their timber sources by cultivating trees, responsibly harvesting from natural forests, and importing timber as needed.
8. Timber businesses may invest in equipment and technologies that can help minimize waste at each stage of the timber conversion process, thus improving efficiency and sustainability.
9. Training staff in the timber market dynamics, industry regulations, and effective purchasing management can significantly enhance business operations.
10. Timber businesses can enhance procurement, conversion, and sales efficiencies by implementing sustainable practices and investing in technology.
11. The timber industry can use waste from converting lumber, like sawdust, to produce fuel, mulch for gardens, and particleboard.
12. Timber businesses can manage tax impacts on sales by exploring incentives and adjusting product pricing while remaining competitive.

8. Conclusion:

Throughout this paper, the researcher have explored the various impacts of incidence and shifting of tax on the timber business. From our analysis, it is clear that taxes have both direct and indirect effects on timber industry. As initially hypothesized, taxation plays a significant role in shaping the dynamics of the timber industry. Our findings confirm

that high tax rates can discourage investment and growth in this sector, while well-structured tax policies can stimulate sustainable development and profitability. The implications of these findings are far-reaching, affecting not only timber business operators but also policymakers and the broader economy in effective incidence and shifting of the tax.

For businesses, understanding the implications of tax incidence can lead to better strategic decision-making. For policymakers, these insights highlight the need for careful consideration in tax policy design to avoid unintended consequences and to promote a robust and sustainable timber industry. While this study provides an in-depth understanding of the tax incidence in the timber business, further research is necessary to explore the long-term impacts of different tax structures. Future studies may also wish to investigate the effects of tax incentives on sustainable practices within the timber industry. In conclusion, the relationship between tax policy and the timber industry is complex and impactful, requiring ongoing study and thoughtful policy design to balance the needs of economic growth, sustainability, and fiscal responsibility.

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