Government Tax Rules and Firm Behaviour

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GOVERNMENT TAX RULES AND FIRM BEHAVIOUR

Tax regulations designed and implemented by governments impact the behaviour of firms to a large degree. They matter in investment decisions, corporate take-overs, and much more. Despite much research on this topic, there remain gaps in our knowledge on the effects of taxation on the behaviour of firms. This dissertation looks at two specific tax regulations: the possibility to compensate taxable profits with losses from earlier periods as well as double tax treaties. It provides evidence showing that these regulations matter for corporate decisions. The possibility to compensate taxable profits with past losses leads to more investments by firms because they allow firms to lower the taxes to be paid on their profits on these investments. Double tax treaties are designed, first and foremost, to reduce double taxation problems for multinational firms. This dissertation shows that they also have an arguably undesired side effect. Under certain circumstances, they facilitate tax avoidance behaviour of multinational firms, which goes against prominent initiatives of the OECD to limit such behaviour.

About the author

Malte Max obtained his bachelor's degree in International Management from the FOM Hochschule für Oekonomie & Management (Germany) in 2015 and his M.Sc. degree in Financial Management (cum laude) from the Vrije Universiteit Amsterdam (Netherlands) in 2017. In 2018, he joined the Ph.D. program at the latter university. His research interests include international business taxation, investments as well as the influence of new data science technologies on the accounting profession and academic research.

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