Accepted Manuscript

Does Dividend Tax Impede Competition for Corporate Charters?

Tat-kei Lai, Travis Ng

PII: S0147-5967(17)30065-3
DOI: 10.1016/j.jce.2017.08.001
Reference: YJCEC 2592

To appear in: *Journal of Comparative Economics*

Received date: 8 November 2016
Revised date: 27 July 2017
Accepted date: 14 August 2017

Please cite this article as: Tat-kei Lai, Travis Ng, Does Dividend Tax Impede Competition for Corporate Charters?, *Journal of Comparative Economics* (2017), doi: 10.1016/j.jce.2017.08.001

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

Highlights

- We develop a model of jurisdictional competition for corporate charters among the states in which a corporation's agency cost depends on the federal dividend income tax rate and the takeover regulations of its domicile state.
- When corporations are mobile across states, the federal dividend income tax rate affects both the intensity of competition among the states and the equilibrium level of state takeover regulations.
- Our model shows that increasing dividend tax rate weakens the competition for corporate charters under a condition: dividend-paying and the market for corporate control are complementary corporate governance mechanisms.
- Our results suggest that dividend tax not only discourages firms from paying dividends but also weakens their corporate governance by disincentivizing states to improve their corporate laws.

ACCEPTED MANUSCRIPT

Download English Version:

https://daneshyari.com/en/article/7356938

Download Persian Version:

https://daneshyari.com/article/7356938

Daneshyari.com