Impacts of Changing Corporate Tax Policy on the Risk Level of Firms

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ABSTRACT

In this study, an endeavour is made to analyse the impacts of tax policy on market risk for the listed firms in the electric power industry of Vietnam during and after the period 2007-2009. In a sample size of 20 listed firms in the electric power industry, with raw stock data from Vietnam Ho Chi Minh as well as Ha Noi stock exchange, study determines beta mean values less than 0.5 that are admissible. Further, in three scenarios of tax rates (i.e. 20%, 25%, and 28%), this study recognizes that the risk dispersion in the research sample is minimal, which is evidenced by beta var results. By modulating tax rates in three scenarios, the study also concluded that both equity and asset beta mean values have a positive relationship with the increasing levels of tax rates. Decisively, this paper acknowledges the question of how much the risk dispersion is in the electric power industry of Vietnam in these three tax rate scenarios.

KEYWORDS: Corporate tax, Tax policy, Tax rate, Market risk, Equity beta, Financial crisis, Electric power industry, Vietnam.

REFERENCES