Lingnan University 嶺南大學
The Liberal Arts University in Hong Kong 香港的博雅大學

財務及保險學系 Department of Finance & Insurance
香港商學研究所 Hong Kong Institute of Business Studies

ACADEMIC SEMINAR

Foreign Cash: Taxes, Internal Capital Markets, and Agency Problems

The greater is the fraction of a firm's cash held overseas, the lower shareholders value that cash. This goes beyond a pure tax effect—the repatriation tax friction disrupts the firm's internal capital market, distorting its investment policy. Firms underinvest domestically and overinvest abroad. Our findings are more pronounced when firms are subject to higher repatriation tax rates, higher costs of borrowing, and more agency problems. Overall, our evidence suggests that a combination of taxes, financing frictions, and agency problems leads to a valuation discount for foreign cash and documents real effects of how foreign earnings are taxed.

Mr ZHANG Kuo

Ph.D. Candidate in Finance
The Chinese University of Hong Kong

Mr Kuo Zhang is the Ph.D. Candidate in Finance at the Chinese University of Hong Kong (CUHK). He joined CUHK in 2011 and is expected to graduate by the summer of 2016. Before pursuing his PhD, he obtained the B.A. (Hons.) degree major in International Trade and minor in Financial Accounting at University of International Business and Economics (UIBE). His current research interests are in the area of corporate finance, including corporate cash policy, M&A, labor and finance, and corporate innovation. His papers have been presented or accepted for presentation at major international finance conferences including the AFA, EFA, FMA, FIRS, and CICF.

Date: 14 December 2015 (Monday)

Time: 14:30 – 16:00

Venue: SEK206, Simon and Eleanor Kwok Building

Language: English

For enquiries, please contact 2616-8373 or email to hkibs@Ln.edu.hk

*** All are Welcome ***