

# Research Seminar Series 2021/22 #6

8 December 2021 (Wednesday) 1:00 - 2:00 p.m.

Format: Join on ZOOM

Chairperson: Prof CHAN Koon Hung, Rita Tong Liu School of Business and Hospitality Management

## Book-Tax Tradeoff Theory and Corporate Acquisition Payment Structure Decisions

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### Abstract

This study tests the applicability of the book-tax trade-off theory in a mergers and acquisitions (M&A) context to help explain the relationship between acquirers' tax avoidance behavior and the choice of an acquisition payment method. In accordance with the book-tax tradeoff theory, we find that acquirers with a low (high) level of long-term tax avoidance are more likely to have stock- (cash-)financed acquisitions. However, political influence and investor monitoring weaken the significance of the above relationship to varying extents. Among acquirers who use cash-financed payment, those who are less tax aggressive tend to use debt to finance their acquisitions.

### Biography



Dr. Vivian Zhang is the Assistant Professor of the Department of Accountancy of the Hang Seng University of Hong Kong. She received her Ph.D. in accounting from the City University of Hong Kong and obtained a Bachelor of Science in statistics from Fudan University. Her research interests include auditing, taxation, and corporate governance. Dr. Zhang is a CPA in Hong Kong and Chinese mainland with practical experience in auditing field.

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