

Exam April 2016

Basic Tax Issues within Corporate Finance (37003, 6 ECTS)

You must answer to 3 questions. The best answers will be approved if you answer to additional questions.

1. What are the main factors affecting investment decisions of companies? How important is the tax cost effect?
2. Debt financing and taxes in a limited company. Give an illustrative example for Finland or some other country you are familiar with. Is Modigliani-Miller assumption really dead?
3. Is the optimal payout and tax policy always the same for all companies (listed vs. non-listed)? Show an example.
4. Thin capitalization and the tax issues relating to the financing of groups of companies.
5. Dividends or retained earnings? Discuss the problems of tax neutrality (VATT, Seppo Kari). Give an example.
6. Ex-dividend day tax behavior in the Finnish Tax System (lectures, Rantapuska, Sorjonen). Give an example.