

To What Extent Changing Tax Policy and External Financing Influence The Risk Level of Viet Nam Investment and Financial Service Industry During and After The Global Crisis

Dinh Tran Ngoc Huy

MBA, PhD candidate, Banking University, Ho Chi Minh, Viet Nam.
GSIM, International University of Japan, Japan.

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ABSTRACT

Over past few years, the global financial crisis shows certain influence on emerging financial markets including Viet nam. Therefore, this study chooses a analytical approach to give some systematic opinions on how much some certain determinants such as income tax and leverage, affect the level of market risk in listed banking organizations. First, it calculates equity and asset beta values in three (3) different scenarios of changing tax rates and changing the level of financial leverage. Second, it, through analysis, finds out if average leverage of total 9 listed banking firms (in this research) decreases to 20% or about 73% and increases to 30% or about 119%, there are more impacts on asset beta values and less impacts on equity beta values. Third, it finds out if the level of financial leverage decreases to 20%, equity beta var values are quite small (estimated at 0,081 and 0,084) if tax rate is kept at the current level of 25% or decreases little more to 20%. Last but not least, this paper covers some ideas and policy suggestions.

KEYWORDS: Risk management, asset beta, financial crisis, corporate tax, leverage.

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