Ralf Maiterth und Caren Sureth (2008)

The impact of minimum taxation by an imputable wealth tax on capital budgeting and business strategy of German companies

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Abstract:

An alternative minimum tax (AMT) that guarantees a minimum tax payment even in case of losses is often regarded desirable. We analyze the influence of a wealth tax designed as AMT on marginal investment decisions and provide an analytical approach and numerical analyses identifying distortive effects. We present a wealth tax AMT paradox under loss offset restrictions. Modelling enterprises of different structure, industry, size and legal status we show that companies in the financial services sector are more frequently subjected to this AMT than capital intensive industries. This result runs counter to well-known effects of a common wealth tax. We resume that whenever income is taxed correctly, AMT is dispensable.