



## International Finance Discussion Papers: Effects of the 2003 Dividend Tax Cut: Evidence from Real Estate Investment Trusts

By Jesse Edgerton

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book \*\*\*\*\* Print on Demand \*\*\*\*\*.Recent literature has estimated that the 2003 dividend tax cut caused a large increase in aggregate dividend payouts, which would imply that dividend taxation creates large efficiency costs relative to the amount of revenue raised. I document that dividend payouts by real estate investment trusts also rose sharply following the tax cut, even though REIT dividends did not qualify for the cut. Using REITs as a control group in a simple difference-in-differences framework produces small and statistically insignificant estimates of the effect of the tax cut on aggregate dividend payouts. I further document that the ratio of dividend payouts to corporate earnings changed little after the tax cut, and that the ratio of dividend payouts to share repurchases fell dramatically. These facts suggest that contemporaneous increases in earnings and investor demand for payouts drove the observed increases in aggregate dividend payouts, with at most a modest role for the tax cut.

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