

# THE IMPACT OF DIVIDEND IMPUTATION ON FIRMS' FINANCIAL DECISIONS

Don Hamson, Peter Ziegler

First published: November 1990

<https://doi.org/10.1111/j.1467-629X.1990.tb00242.x>



## Abstract:

This paper investigates the impact of Australia's dividend imputation system on the financial decisions to be faced by an Australian resident company. It briefly outlines the dividend imputation system as enacted, and then analyzes its economic effects on companies' dividend, financing and investment decisions.

## REFERENCES

Ball, R., [1977], "Are Capital Gains/Losses on Shares Taxed?", (Unpublished manuscript, Australian Graduate School of Management, University of New South Wales).

[Google Scholar](#)

Ball, R., [1978], "Anomalies in Relationships Between Securities' Yields and Yield-Surrogates", *Journal of Financial Economics*, 6, pp. 103-26.

[PubMed](#) | [Web of Science®](#) | [Google Scholar](#)

Ball, R., Brown, P., Finn, F. and Officer, R., [1979], "Dividends and the Value of the Firm: Evidence from the Australian Equity Market", *Australian Journal of Management*, 4, pp. 13-26.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Black, F. and Scholes, M., [1974], "The Effects of Dividend Yield and Dividend Policy on Common Stock Prices and Returns", *Journal of Financial Economics*, 1, pp. 1-22.

[PubMed](#) | [Web of Science®](#) | [Google Scholar](#)

Booth, L. and Johnson, D., [1984], "The Ex-Dividend Day Behavior of Canadian Stock Prices: Tax Changes and Clientele Effects", *Journal of Finance*, 39, pp. 457-476.

[Web of Science®](#) | [Google Scholar](#)

Brown, P. and Walter, T., [1986], "Ex-Dividend Day Behaviour of Australian Share Prices", *Australian Journal of Management*, 11, pp. 139-52.

[Google Scholar](#)

Budget Statements 1989-90, Statement by the Treasurer, [1989], (Canberra, AGPS).

[Google Scholar](#)

Bureau of Industry Economics, [1986], "Imputation of Company Income Taxation", *Business Income Taxation Paper 2*, (Canberra, AGPS).

[Google Scholar](#)

Eades, K., Hess, P., and Kim, H., [1984], "On Interpreting Security Returns During the Ex-Dividend Period", *Journal of Financial Economics*, 13, pp. 3-34.

[Web of Science®](#) | [Google Scholar](#)

Elton, E., and Gruber, M., [1970], "Marginal Stockholder Tax Rates and the Clientele Effect", *Review of Economics and Statistics*, 52, pp. 68-74.

[Web of Science®](#) | [Google Scholar](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

---

Kalay, A., [1982], "The Ex-Dividend Behavior of Stock Prices: A Reexamination of the Clientele Effect", *Journal of Finance*, 37, pp. 1059-1070.

[Web of Science®](#) | [Google Scholar](#)

---

Lakonishok, J., and Vermaelen, T., [1983], "Tax Reform and Ex-Dividend Day Behavior", *Journal of Finance*, 38, pp. 1157-1179.

[Web of Science®](#) | [Google Scholar](#)

---

Lakonishok, J., and Vermaelen, T., [1986], "Tax-Induced Trading around Ex-Dividend Days", *Journal of Financial Economics*, 15.

[Google Scholar](#)

---

Lewellen, W.G., Stanley, K., Lease R.C. and Schlarbaum, G.G., [1978], "Some Direct Evidence on the Dividend Clientele Phenomenon", *Journal of Finance*, 33, pp. 1385-1399.

[Web of Science®](#) | [Google Scholar](#)

---

Litzenberger, R., and Ramaswamy, K., [1979], "The Effects of Personal Taxes and Dividends on Capital Asset Prices: Theory and Empirical Evidence", *Journal of Financial Economics*, 7, pp. 163-195.

[Web of Science®](#) | [Google Scholar](#)

---

Litzenberger, R.H. and Ramaswamy, K., [1982], "Dividends, Short Selling Restrictions, Tax-Induced Investor Clienteles and Market Equilibrium", *Journal of Finance*, 37, pp. 469-482.

[Google Scholar](#)

---

Miller, M., [1977], "Debt and Taxes", *Journal of Finance*, 32, pp. 261-275.

[Web of Science®](#) | [Google Scholar](#)

---

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

[Web of Science®](#) 

[Google Scholar](#) 

---

Officer, R., [1981], "The Measurement of a Firm's Cost of Capital", *Accounting and Finance*, Vol. 21, No. 2, pp. 31.

[Google Scholar](#) 

---

Officer, R., [1987], "The Proposed Imputation System For Company Tax and Its Likely Effect on Shareholders, Financing and Investment", Unpublished Working Paper, University of Melbourne.

[Google Scholar](#) 

---

Officer, R., [1988], "A Note on The Cost of Capital and Investment Evaluation for Companies Under the Imputation Tax", *Accounting and Finance*, Vol. 28, No. 2, pp. 65-71.

[Google Scholar](#) 

---

Pierson, G., Bird, R. and Brown, R., [1985], *Business Finance*, 4th ed., Sydney: McGraw-Hill Book Co.

[Google Scholar](#) 

---

Poterba, J. and Summers, L., [1984], "New Evidence That Taxes Affect the Valuation of Dividends", *Journal of Finance*, 39, pp. 1397-1415.

[Web of Science®](#)  [Google Scholar](#) 

---


*Reform of the Australian Taxation System, Statement by the Treasurer*, [1985], (Canberra, AGPS).

[Google Scholar](#) 

---

*Taxation of Foreign Source Income: Draft Legislation 1989, Statement by the Treasurer*, [1989], (Canberra AGPS).

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#) 

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Citing Literature 

[Download PDF](#)

### ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

### HELP & SUPPORT

[Contact Us](#)

[Training and Support](#)

[DMCA & Reporting Piracy](#)

[Sitemap](#)

### OPPORTUNITIES


[Subscription Agents](#)

[Advertisers & Corporate Partners](#)

### CONNECT WITH WILEY

[The Wiley Network](#)

[Wiley Press Room](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#) 

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)