

Date of the event:

On Thursday 18th March 2010
From 01:00pm to 2:00pm

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before March 16th 2010
- At the following address : lsf-events@uni.lu

Information:

Ms Caroline Herfroy
Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to the following
lunch seminar:

Investment Behavior and the Biased Perception of Limited Loss Deduction in Income Taxation

By Professor Abdolkarim Sadrieh

Faculty of Economics and Management

Otto-Von-Guericke-University of Magdeburg, Germany



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Investment Behavior and the Biased Perception of Limited Loss Deduction in Income Taxation

The Luxembourg School of Finance

By Abdolkarim Sadrieh

Is pleased to invite you to the

LSF Seminar

We use a laboratory experiment to study the extent to which investors' choices are affected by limited loss deduction in income taxation. We first compare investment behavior in the no tax baseline to a tax control setting, in which the income from investments is taxed. We find that investors significantly reduce their risk-taking as predicted by theory. Next we compare the baseline investment choices to choices under three different types of income taxation. We observe that risk-taking is significantly increased with partial and with capped loss deduction, but is unaffected by a tax system that allows no loss education. Since in all these treatments the after tax outcomes of the prospects were identical, we conjecture that investors have a positively biased perception of partial and capped loss deduction that promotes their willingness to take risks.

