

**The Research Centre of the Faculty of Economics**  
cordially invites you to a research seminar  
on Wednesday, **17<sup>th</sup> December 2014 at 10 a.m.** in room **P-111** at the  
**Faculty of Economics, University of Ljubljana**

Author: **Matjaž Črnigoj, PhD, Teaching Assistant, FELU**

will present the article:

**"The Responsiveness of Corporate Investments to Changes in  
Corporate Taxation during the Financial Crisis: Empirical  
Evidence from Slovenian Firms"**

“ In this paper I examine the responsiveness of corporate investments to changes in corporate income taxation in Slovenia. Because Slovenian firms have been to a large extent financially constrained, I first extend the neoclassical (accelerator) model of investment demand to include an additional channel through which taxes could affect investments in financially constrained firms. I model the tax effects via two transmission channels, the traditional user cost of capital channel and an additional one being crucial for financial constrained firms, i.e. the cash flow channel. The model was tested applying an endogenous switching regression approach. The empirical results show that investments in Slovenian firms were not affected by changes in corporate income taxation through the user cost of capital channel, but I found a strong evidence of the effect that materializes through the cash flow channel. Despite empirical evidence confirmed that corporate investments can be stimulated by changes in corporate income taxation in the economies with sound financial systems, policy makers should be aware of very limited effect of corporate income tax reforms in the environment where firms are financially constrained, as the incentive effect resulting from the decrease of the user cost of capital does not materializes.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:  
[research.seminars@ef.uni-lj.si](mailto:research.seminars@ef.uni-lj.si) by Tuesday, 16<sup>th</sup> December 2014.

**We look forward to seeing you!**