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Assessing the impact of taxation on mergers in the EU: the case of greek listed firms

The study examines the merger effects on taxation in the EU by examining the accounting performance of listed firms in Greece. The results revealed that accounting performance do not have changed significantly due to the merger event. However, regarding the impact of the new Greek Income Tax Code (Law 4172/2013), according to the EU Merger Directive 2009/113, there is not evidence of some notable effect from the new legal framework related to tax on mergers.

The results of the research showed that the change in the tax framework, in the process of mergers, did not have a significant impact, based on the previous analysis of the financial ratios. In addition, as highlighted in the presentation of the tax framework, the most important difference of the new tax law is the transfer of the losses of the transferring companies and offsetting them with future profits of the recipient company, as opposed to the previous laws. Therefore, this significant change has not been able to affect remarkably the accounting performance of businesses after the mergers, given the adverse economic conditions that the Greek economy was going through at that time during of an economic crisis.

Directions for further investigation of this study could examine the merger effects to a larger sample that could include not only merger-involved listed Greek firms, but also non-listed firms, even on different time periods. Also, apart from the impact of taxation, a future extension could be the examination from the industry relatedness's impact for the merged firms (thus, the existence of conglomerate mergers or non-conglomerates). Last, another future extension of this study could examine the effects of the merger and the method of its financing.