

Effects of Allowance for Corporate Equity on the Financing Choices of Belgian Small and Medium-Sized Enterprises in a Crisis Context

Authors : O. Colot, M. Croquet, L. Cultrera, Y. Fandja Collince

Abstract : The objective of our research is to evaluate the impact of the allowance for corporate equity (ACE) on the financial structure of Belgian SME in order to highlight the potential existence of a fiscal leverage. To limit the biases linked to the rationing of the capital further to the financial crisis, we compare first the dynamic evolution of the financial structure of the Belgian firms over the period 2006-2015 by focusing on three sub-periods: 2006-2008, 2009-2012 and 2013-2015. We give then an international size to this comparison by including SMEs from countries adjoining Belgium (France, Germany, Netherlands and the United Kingdom) and within which there is no ACE. This comparison allows better understanding the fiscal advantage linked to the ACE of firms evolving in a relatively unstable economic environment further to the financial crisis of 2008. This research is relevant given the economic and political context in which Belgium operates and the very uncertain future of the Belgian ACE. The originality of this research is twofold: the long study period and the consideration of the effects of the financial and economic crisis on the financing structure of Belgian SMEs. The results of this research, even though they confirm the existence of a positive fiscal leverage for the tax deduction for venture capital on the financing structure of Belgian SMEs, do not allow the extent of this leverage to be clearly quantified. The comparative evolution of financing structures over the period 2006-2015 of Belgian, French, German, Dutch and English SMEs shows a strong similarity in the overall evolution of their financing.

Keywords : allowance for corporate equity, Belgium, financial structure, small and medium sized firms

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