

Subject/Title	Production and Tax Evasion Decisions of Firms with Corporation Tax
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Abstract	<p>Most of traditional literatures dealing with corporation tax focus on profit tax. However, in real economy, corporation tax is not equivalent to profit tax. In this paper we provide a corporation tax model and explore its neutrality to firms' production and tax evasion decision, under monopolistic and oligopolistic markets respectively. We found that, different from profit taxes, no matter the market structure is monopoly or oligopoly, corporation tax is non-neutral. Nevertheless, production and tax evasion decision of firms are separable. Therefore, there is no necessary relationship between the characteristics of tax neutrality and production-evasion separability in a tax system.</p>
Keyword(s)	corporation tax ; tax neutral ; tax evasion of firms ; separability