

Subject/Title	The Neutrality of Profit Taxes in the Presence of the Mixed Enterprise
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Abstract	<p>This paper reexamines the issues of neutrality of profit taxes and separability for a monopolistic firm by taking stockholder's structure into account. It is shown that in the presence of the mixed enterprise, we find that, first, the firm's production and evasion decisions will not be separable from each other, and profit taxes will not be neutral. Secondly, when the utility function depends on the linear combination of net profit and social welfare, the inseparability result does not necessarily imply the neutrality of profit taxes. Finally, if the profit tax system is replaced by the corporate tax system, then the relationship between production decisions and evasion decisions shifts from separability to inseparability.</p>
Keyword(s)	Tax neutrality ; Tax evasion ; Mixed enterprise