PARG RESEARCH DISCUSSION SESSION

When	**Where**
Monday,	Hybrid format
November 27, 2023 9h00-10h00 EST	Nicol building NI3040
	and Zoom
	https://carleton-ca.zoom.us/j/95743095390

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Debt Concentration and the Tax Sensitivity of Leverage

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ABSTRACT
We argue that debt concentration mitigates the severity of the creditor coordination problem, thus facilitating the issuance of new debt when corporate income tax rate increases. Accordingly, we document that only firms with concentrated debt types increase their financial leverage after state corporate income tax rate increases. Such impact is more pronounced when firms are subject to high default risk or have low asset redeployability. In addition, low debt concentration firms adjust their debt structure to a more concentrated level after state tax rate increases. Our findings document an important consequence of debt concentration in affecting firms' capital structure adjustments.

ABOUT THE PRESENTER
Xiaoli Hu is currently an assistant professor of accounting at the City University of Hong Kong. She received her Ph.D. from the National University of Singapore. Her research interests are U.S. tax, debt financing, disclosure, and ESG using big data. She publishes in the *Journal of Financial and Quantitative Analysis, Economic Research Journal, China Journal of Accounting Research*, and *China Journal of Accounting Studies*. Her current research also received revision requests at the *Review of Accounting Studies, Journal of Corporate Finance,* and *Journal of Banking and Finance*. At CityU, Dr. Hu transformed the Accounting Information Systems course to embrace the AI era. She has also been nominated for the University Teaching Excellence Award and has been a guest speaker at leading education forums in Hong Kong. She is also the P-I for a large government grant to combine AI with ESG in building Asia's first ESG-analytics lab. Professionally, she once received the Deloitte Tax Championship (First Runner-up).

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