

Relative Impact of the 2003 Tax Act on Average Returns: Firms That Pay Dividends versus Firms That Repurchase Shares?

Abstract

This study documents a dramatic prolonged increase in aggregate dividend distributions as well as share repurchases by publicly traded firms following the passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003. This study also documents large persistent year to year increases in both dividend distributions and share repurchases of 40 percent and 30 percent respectively with a 100 percent increase in both types of distributions within four years of passage of the act.
