Thank you for organizing this wonderful online conference. I enjoyed reading and listening the presentations. I found the comments and questions were very helpful. My replies are as follows:

Comment 1
Mr Tao thanks for presenting a very interesting study. I guess business groups’ concept is less common and less familiar in the Western world than Asia and the Eastern hemisphere. I think your business groups, as you define them, are very much akin to Japanese Keiretsu and Zaibatsu or Korean Chaebols. I guess your study should include some comparative analysis of the situation in Canada, even if only on sidelines.

REPLY: I appreciate your comment. In the literature review, I will add some discussions to compare the business group structures around the world.

Comment 2
Grouped businesses, cross held companies, and similar other forms of integrated companies and business groups have played very important roles worldwide. Financial and tax matters lie at the centre of such group formations and not always have an altruistic underpinning. I feel sorry about the elephants. I hope that some take natural habitat of wild animals more seriously too. It may be possible that sometimes these groupings are formed to avail technological or competitive advantages also.

REPLY: I agree with you. Prior literature indicates some advantages of creating business groups including internal financing market, competitive advantage and technology advantage. My study, however, focuses on the disadvantage of the business groups.

Comment 3
I find this paper very challenging and interesting also. I hope the author can write a wonderful research report in the end.

REPLY: Thank you, I'll.

Question No. 1
How are Canadian business groups different from Japanese similar big business groups?
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REPLY: Canadian business groups are structured in pyramidal forms while Japanese business groups are structured into network form.

Question No. 2
Is the situation in Canada very different from what goes on in the USA on a similar framework?

REPLY: Yes, many large firms in Canada are affiliated with business groups while US firms are generally standing alone.

Question No. 3
Would you kindly explain the difference between tax-advantage and tax-avoidance in the background of your paper?

REPLY: Sure. Tax avoidance is broadly defined as the reductions of tax payments and hence including tax-advantage. It reflects all transactions that have any effects on the firm’s tax liability. These transactions could be totally legal such as investment in R&D and claim tax credits, or legal but not ethical transactions such as shifting income from high-tax jurisdictions to low-tax jurisdictions, or even illegal tax evasions.