Prioritizing the Factors Affecting the Imposition of Capital Gains Tax on Shares in the Stock Exchange

1. Sama. Nikvash ⓘ : Ph.D. student, Department of Financial Management, Ct.C., Islamic Azad University, Tehran, Iran
2. Ali Akbar. Arabmazar ⓘ*: Professor, Department of Economics, Shahid Beheshti University, Tehran, Iran
3. Farhad. Hanifi ⓘ: Department of Financial Management , Ct.C., Islamic Azad University, Tehran, Iran
4. Ali. Rahmani ⓘ: Professor, Department of Accounting, Al-Zahra University (S), Tehran, Iran

*corresponding author's email: a-arabmazar@sbu.ac.ir

ABSTRACT

The objective of this study is to identify, analyze, and prioritize the key factors influencing the feasibility of imposing a capital gains tax on shares in the stock exchange. This study adopts an applied, descriptive–analytical research design using a multi-criteria decision-making framework. Data were collected through a combination of library-based studies, expert interviews, and structured questionnaires. The study population consisted of taxation and stock market experts selected through purposive judgmental sampling. After identifying relevant criteria and sub-criteria through theoretical review and expert consultation, the Decision-Making Trial and Evaluation Laboratory (DEMATEL) method was used to determine causal relationships among the main criteria. Subsequently, the Analytical Network Process (ANP) was employed to assign relative weights and priorities to the criteria and sub-criteria while accounting for interdependencies and feedback effects. Reliability and validity of expert judgments were assessed through consistency and content validity checks using specialized decision-making software. The inferential results indicate that government-related considerations exert the strongest causal influence on the feasibility of imposing a capital gains tax on shares, followed by legal and informational factors. Environmental factors play a moderate role, while technological and human factors are largely effect-oriented and dependent. At the sub-criterion level, economic balance and government revenue generation rank as the most influential factors, followed by the existence and transparency of laws and the control of speculative profit opportunities. Factors related to technology, system capabilities, and human resources receive comparatively lower priority weights, indicating their supportive rather than driving role in the feasibility assessment. The findings demonstrate that the feasibility of imposing capital gains tax on shares is primarily determined by macro-fiscal objectives and institutional readiness, supported by legal clarity and regulatory coherence, with environmental and operational factors playing secondary roles.

Keywords: Capital gains tax; Stock exchange; Feasibility analysis; Multi-criteria decision making; DEMATEL; ANP

Introduction

Taxation of capital income has long been one of the most debated areas of public finance and economic policy, particularly in relation to its effects on investment behavior, capital market performance, and fiscal sustainability. Among different forms of capital income, capital gains on shares occupy a distinctive position because they directly connect government revenue objectives with stock market dynamics, investor incentives, and broader
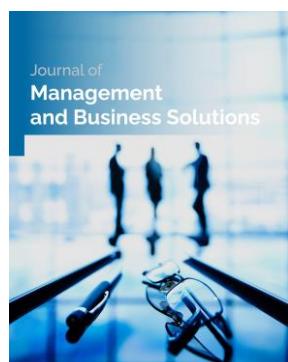
macroeconomic stability. In many countries, capital gains tax on shares has been used not only as a fiscal instrument but also as a regulatory tool to curb speculative activities, promote long-term investment, and enhance distributive justice within the financial system (1, 2). However, the design and implementation of such a tax are inherently complex, as they interact with legal frameworks, market structures, technological capacities, and behavioral responses of investors.

Recent empirical literature highlights that stock markets are highly sensitive to fiscal and monetary policy signals, including taxation-related measures. Changes in fiscal policy mechanisms, tax expectations, and policy uncertainty can significantly affect stock prices, liquidity, volatility, and firm value (3-5). Studies conducted in both emerging and developed markets suggest that poorly designed tax policies may amplify volatility and discourage productive investment, while well-calibrated tax regimes can contribute to market stability and sustainable growth (6, 7). This dual nature underscores the importance of feasibility analysis and prioritization of influencing factors before introducing capital gains taxation on shares, especially in emerging capital markets where structural vulnerabilities are more pronounced.

A substantial body of research has examined the determinants of stock prices and returns, emphasizing variables such as profitability, dividend policy, capital structure, liquidity, and macroeconomic conditions (8-10). Dividend policy, in particular, has been widely studied as a channel through which taxation affects investor behavior and market valuation. Empirical evidence from diverse contexts, including Pakistan, Indonesia, Australia, and African stock markets, shows that dividend policy interacts closely with tax systems and investor expectations, influencing price volatility and firm liquidity (11-14). These findings imply that any policy aimed at taxing capital gains on shares must be evaluated alongside existing corporate payout practices and market norms.

Beyond firm-level determinants, macroeconomic and policy-related factors play a critical role in shaping stock market responses to taxation. Monetary and fiscal policy coordination, exchange rate volatility, and economic policy uncertainty have been shown to exert significant influence on stock market development and liquidity (15-17). In emerging markets, where financial systems are often more sensitive to external shocks, taxation measures can either reinforce stability or exacerbate fragility depending on their alignment with broader macroeconomic conditions (18, 19). Consequently, assessing economic balance and macroeconomic readiness is a fundamental prerequisite for evaluating the feasibility of capital gains taxation on shares.

Legal and institutional dimensions constitute another critical layer in this policy debate. The effectiveness of capital gains tax largely depends on the existence, transparency, and coherence of legal frameworks governing taxation and capital markets. Empirical studies emphasize that regulatory overlap, legal ambiguity, and weak enforcement mechanisms undermine tax compliance and may even incentivize avoidance and evasion behaviors (20, 21). Research on tax risk and tax avoidance further indicates that uncertainty in tax rules increases firms' cost of capital and distorts financial decision-making (22, 23). Therefore, clarity of laws and consistency between tax regulations and capital market rules emerge as central considerations in the feasibility assessment of capital gains tax on shares.

Information availability and transparency are closely linked to legal effectiveness and market efficiency. Accurate, timely, and accessible information is essential for both tax authorities and market participants to correctly assess taxable gains and comply with reporting requirements. Prior studies demonstrate that information asymmetry weakens market efficiency and complicates policy enforcement, particularly in emerging stock markets (24, 25). Moreover, the increasing reliance on digital reporting systems and financial databases has elevated the importance

of data accuracy and accessibility in modern tax administration (26). Without reliable information infrastructures, the operationalization of capital gains tax on shares becomes costly and prone to dispute.

Environmental and contextual factors further shape the feasibility of taxation policies in capital markets. Economic conditions such as growth rates, inflation, and market depth influence investors' sensitivity to taxation, while cultural attitudes toward taxation and compliance affect behavioral responses (27, 28). Political stability also plays a decisive role, as frequent policy reversals or governance instability can erode investor confidence and undermine long-term tax strategies (29). Additionally, implementation costs, both administrative and compliance-related, must be weighed against expected fiscal benefits, particularly in systems with limited institutional capacity.

Technological and human factors have gained increasing attention in recent years due to the digital transformation of financial markets and tax administrations. Continuous technological change influences trading systems, reporting mechanisms, and data analytics capabilities, all of which are integral to the effective enforcement of capital gains taxation (30). System speed and accuracy directly affect the ability of tax authorities to track transactions and assess gains in real time, while human resource training and motivation determine the quality of policy execution. Although often treated as secondary factors, empirical evidence suggests that weaknesses in technological infrastructure and administrative capacity can significantly dilute the effectiveness of otherwise well-designed tax policies (31, 32).

The global literature also points to the relevance of market behavior and investor psychology in response to fiscal interventions. Herding behavior, speculative trading, and reactions to rare economic events can amplify the market impact of taxation measures, particularly when policies are perceived as abrupt or punitive (33, 34). Studies on market concentration and implicit taxation further show that taxation effects are not uniform across firms and sectors, reinforcing the need for nuanced and context-specific policy design (2). These insights highlight that feasibility analysis must go beyond purely fiscal calculations and incorporate behavioral and structural dimensions of the stock market.

Despite the breadth of existing research on taxation, dividend policy, and stock market dynamics, there remains a notable gap in studies that systematically prioritize the factors influencing the feasibility of imposing capital gains tax on shares using an integrated, multi-criteria decision-making approach. Most prior studies focus on isolated relationships, such as taxation and stock prices or dividend policy and volatility, without capturing the complex interdependencies among economic, legal, environmental, technological, and institutional factors (14, 35). This gap is particularly evident in emerging markets, where policy decisions require careful balancing of revenue objectives, market development goals, and administrative feasibility.

Addressing this gap requires a structured framework capable of identifying causal relationships among factors and assigning relative priorities based on expert judgment and systemic interactions. Multi-criteria decision-making methods, when combined with expert-based assessments, provide a robust analytical foundation for such evaluations, allowing policymakers to distinguish between driving forces and dependent factors within a complex policy environment (36, 37). By situating capital gains tax policy within this broader analytical context, research can offer more actionable insights for policymakers and regulators.

Accordingly, the present study seeks to contribute to the literature by developing a comprehensive and prioritized framework of factors affecting the feasibility of imposing capital gains tax on shares in the stock exchange, drawing on international empirical evidence and expert judgment. The aim of this study is to identify, analyze, and prioritize

the key economic, legal, environmental, technological, and institutional factors influencing the feasibility of imposing capital gains tax on shares in the stock exchange.

Methods and Materials

This study adopted an applied, descriptive–analytical design with a multi-criteria decision-making orientation, aiming to identify, structure, and prioritize the factors influencing the feasibility of imposing a capital gains tax on shares in the stock exchange. Given the specialized and policy-oriented nature of the research topic, a non-probability sampling strategy based on judgmental (purposive) sampling was employed. The study population consisted of experts and professionals with substantive knowledge and experience in taxation policy, capital markets, public finance, and stock exchange regulation. Participants were selected deliberately to ensure that they possessed informed perspectives on both the theoretical foundations and practical implications of capital gains taxation in the context of the stock market. This expert-based approach was considered appropriate because the research required evaluative judgments, pairwise comparisons, and causal assessments that could only be reliably provided by individuals with deep domain expertise rather than by the general investor population.

Data were collected through a combination of library-based research, semi-structured expert interviews, and structured questionnaires. In the initial phase, extensive documentary and library studies were conducted using Persian and English-language books, peer-reviewed journal articles, academic theses, policy reports, and credible online sources to establish the theoretical framework and to review prior empirical findings related to capital gains taxation, stock market behavior, and fiscal policy instruments. This phase enabled the identification and conceptual refinement of key constructs such as "capital gains," "real stock gains," and adjustment factors including inflation, depreciation, and deductible costs. In the subsequent phase, qualitative data were gathered through interviews with selected experts in taxation and capital markets to expand and validate the preliminary list of factors and sub-factors affecting the feasibility of imposing a capital gains tax on shares. Insights obtained from these interviews informed the development of structured questionnaires designed for the DEMATEL and ANP techniques. The questionnaires were constructed to capture expert judgments on the intensity of causal relationships among factors as well as the relative importance of criteria and sub-criteria. Content validity of the instruments was ensured through expert review, during which clarity, relevance, and alignment with the research objectives were assessed and refined. Reliability of responses was addressed by examining logical consistency in expert judgments, particularly through inconsistency indices associated with the DEMATEL and ANP procedures.

Data analysis was conducted using a sequential and integrated multi-criteria decision-making framework. Initially, the Decision-Making Trial and Evaluation Laboratory (DEMATEL) method was applied to analyze the complex causal relationships among the identified factors and sub-factors influencing the feasibility of capital gains taxation on shares. DEMATEL enabled the transformation of expert judgments into a structured cause–effect model by constructing and normalizing the direct-relation matrix, calculating the total-relation matrix, and deriving indicators of influence and dependence for each factor. Through this process, factors were classified into cause and effect groups based on their net influence within the system, allowing for a clearer understanding of structural interdependencies. Since DEMATEL is not designed to assign precise priority weights, the results of the causal analysis were subsequently integrated into the Analytical Network Process (ANP). ANP was employed to determine the relative weights and priorities of factors and sub-factors while explicitly accounting for interdependencies and feedback relationships identified in the DEMATEL phase. Pairwise comparison matrices were constructed based

on expert evaluations, consistency ratios were assessed to ensure acceptable levels of judgment coherence, and supermatrices were developed and converged to obtain final priority weights. The combined use of DEMATEL and ANP provided a robust analytical framework that enhanced the rigor, validity, and policy relevance of the findings by simultaneously capturing causal structure and priority ranking within a complex decision environment.

Findings and Results

The study sample consisted of two expert groups drawn from the taxation domain and the stock exchange domain, each comprising ten participants. In the taxation group, the majority of respondents were male (90%), with females representing 10%, while in the stock exchange group all participants were male. In terms of age distribution, most experts in both groups were aged 40 years and above, accounting for 70% of the taxation group and 60% of the stock exchange group, followed by smaller proportions in the 35–40 and 30–35 age ranges. Regarding educational attainment, participants in both domains were highly educated, with the dominant level being a master's degree (60% in taxation and 70% in the stock exchange), followed by doctoral degrees (30% in taxation and 20% in the stock exchange), and a limited number holding bachelor's degrees. No respondents held qualifications below the bachelor's level. With respect to professional experience, the taxation experts were largely senior, with half having 20 years or more of work experience and 40% having between 10 and 20 years, while the stock exchange experts were more concentrated in the 10–20 year experience range (70%), followed by those with more than 20 years of experience. Overall, the demographic profile indicates that the study relied on mature, highly educated, and experienced experts, supporting the credibility and reliability of the judgments used in the analysis.

Table 1. Criteria and Sub-Criteria Influencing the Feasibility of Imposing Capital Gains Tax on Shares

Criteria	Sub-Criteria
Government Considerations (C1)	Economic balance (SC11)
	Revenue generation capacity (SC12)
	Control of speculative profit opportunities (SC13)
	Guidance of investments (SC14)
	Principle of equity and justice (SC15)
Legal and Informational Factors (C2)	Existence and transparency of relevant laws (SC21)
	Overlap and inconsistency of regulations (SC22)
	Availability and accuracy of information (SC23)
	Accessibility of information (SC24)
Environmental Factors (C3)	Macroeconomic conditions (SC31)
	Cultural conditions (SC32)
	Political stability (SC33)
	Implementation costs (SC34)
	Behavior of the target market (SC35)
Technological and Human Factors (C4)	Continuous technological change (SC41)
	System speed and accuracy (SC42)
	Human resource training (SC43)
	Human resource motivation (SC44)

The table presents the structured framework of criteria and sub-criteria identified as influential in assessing the feasibility of imposing a capital gains tax on shares in the stock exchange. Four main criteria were extracted, reflecting governmental considerations, legal and informational dimensions, environmental conditions, and technological and human factors. Each criterion is further operationalized through a set of sub-criteria that capture its key analytical components. Government considerations emphasize fiscal balance, revenue objectives, market regulation, investment guidance, and distributive justice. Legal and informational factors focus on the clarity,

6

coherence, reliability, and accessibility of laws and data required for effective taxation. Environmental factors reflect broader economic, cultural, political, and market conditions, as well as implementation costs. Finally, technological and human factors address the role of evolving technologies, system efficiency, and the capacity and motivation of human resources involved in tax administration. Together, these criteria and sub-criteria form the analytical basis for subsequent causal analysis and prioritization using multi-criteria decision-making techniques.

Table 2. **Initial Direct-Relation Matrix of the Main Criteria**

Criteria	Government Considerations	Legal and Informational Factors	Environmental Factors	Technological and Human Factors	Row Sum
Government Considerations	0.000	3.400	4.733	6.600	14.733
Legal and Informational Factors	0.307	0.000	3.400	4.333	8.040
Environmental Factors	0.227	0.298	0.000	3.400	3.924
Technological and Human Factors	0.154	0.189	0.307	0.000	0.650
Column Maximum	0.688	3.886	8.440	14.333	

The initial direct-relation matrix shows that government considerations exert the strongest overall influence on the system, as reflected by the highest row sum, indicating substantial effects on legal–informational, environmental, and technological–human criteria. Legal and informational factors also demonstrate notable outward influence, though to a lesser extent than government considerations. Environmental factors display moderate influence primarily directed toward technological and human factors, while technological and human factors show comparatively weak outward influence across the system. Column maxima further indicate that technological and human factors are the most affected criterion, receiving the highest cumulative influence from other dimensions. Overall, the matrix suggests a hierarchical causal structure in which government considerations function as the primary driving force, cascading effects through legal–informational arrangements and environmental conditions to ultimately shape technological and human capacities relevant to implementing a capital gains tax on shares.

Table 3. **Pairwise Comparison Matrix of the Main Criteria With Respect to the Study Objective**

Criteria	Government Considerations	Legal and Informational Factors	Environmental Factors	Technological and Human Factors	Principal Eigenvalue	Eigenvector	Priority Weight
Government Considerations	1.000	3.557	4.217	6.257	4.238	−0.881	0.557
Legal and Informational Factors	0.281	1.000	3.323	5.593		−0.422	0.267
Environmental Factors	0.237	0.301	1.000	3.557	0.088	−0.196	0.124
Technological and Human Factors	0.160	0.179	0.281	1.000		−0.084	0.053

The pairwise comparison results indicate that government considerations hold the highest priority in achieving the study objective, with a normalized weight of 0.557, reflecting their dominant role in the feasibility and prioritization of imposing a capital gains tax on shares. Legal and informational factors rank second with a substantial weight of 0.267, underscoring the importance of regulatory clarity, coherence, and data availability in supporting tax implementation. Environmental factors occupy the third position with a moderate weight of 0.124, suggesting that economic, cultural, and political conditions influence feasibility but are secondary to institutional and policy-related drivers. Technological and human factors receive the lowest weight at 0.053, indicating that while

system capacity, technological change, and human resources are relevant, they are largely shaped by higher-level governmental and legal frameworks. Overall, the weighting pattern confirms a top-down structure in which policy and regulatory considerations are the primary determinants, with environmental and operational factors playing supporting roles.

Table 4. Ranking of Sub-Criteria Influencing the Feasibility of Imposing Capital Gains Tax on Shares

Rank	Code	Sub-Criterion	Final Weight
1	SC11	Economic balance	8.0E−08
2	SC12	Government revenue generation	6.0E−08
3	SC21	Existence and transparency of laws	5.0E−08
4	SC13	Control of speculative profit opportunities	4.0E−08
5	SC22	Overlap and inconsistency of laws	3.0E−08
6	SC31	Economic conditions	3.0E−08
7	SC23	Availability and accuracy of information	3.0E−08
8	SC14	Guidance of investments	2.0E−08
9	SC32	Cultural conditions	2.0E−08
10	SC24	Accessibility of information	1.0E−08
11	SC41	Continuous technological change	1.0E−08
12	SC15	Principle of equity and justice	1.0E−08
13	SC33	Political stability	1.0E−08
14	SC42	System speed and accuracy	1.0E−08
15	SC34	Implementation costs	7.0E−09
16	SC43	Human resource training	7.0E−09
17	SC35	Target market behavior	5.0E−09
18	SC44	Human resource motivation	4.0E−09

The ranking results demonstrate that economic and fiscal considerations dominate the prioritization of factors affecting the feasibility of imposing a capital gains tax on shares. Economic balance (SC11) and government revenue generation (SC12) emerge as the most influential sub-criteria, indicating that macro-fiscal stability and sustainable public revenue are the primary drivers in policy evaluation. Legal clarity also plays a critical role, as reflected by the high rankings of the existence and transparency of laws (SC21) and the avoidance of regulatory overlap (SC22). Factors related to controlling speculative behavior and shaping investment flows occupy the next tier, highlighting the regulatory function of taxation in capital markets. Environmental and informational dimensions, such as economic and cultural conditions and the availability and accessibility of information, hold moderate importance. In contrast, technological and human factors—including system capabilities, training, and motivation—receive lower priority, suggesting that these operational elements, while necessary, are largely contingent upon higher-level economic, legal, and policy frameworks.

Discussion and Conclusion

The findings of this study provide a structured and prioritized understanding of the factors influencing the feasibility of imposing a capital gains tax on shares, revealing a clear hierarchy among governmental, legal–informational, environmental, and technological–human dimensions. The DEMATEL results showed that government considerations function as the primary causal drivers within the system, exerting the strongest influence on other criteria, while technological and human factors are largely effect-oriented and dependent. This causal structure was subsequently reinforced by the ANP results, in which government considerations received the highest priority weight, followed by legal and informational factors, environmental factors, and finally technological and human factors. Together, these findings indicate that the feasibility of capital gains taxation on shares is

8

fundamentally shaped by high-level policy and institutional determinants rather than by operational or technical capacities alone.

At the sub-criterion level, economic balance and government revenue generation emerged as the top-ranked factors, highlighting the centrality of fiscal sustainability and macroeconomic equilibrium in taxation policy design. This result is consistent with prior research emphasizing that fiscal policy instruments, including taxation, significantly affect stock market outcomes and investor behavior when they alter expectations about economic stability and public finances (1, 3). Studies examining the interaction between fiscal mechanisms and stock market performance suggest that governments tend to prioritize revenue reliability and macroeconomic balance when introducing new tax instruments, particularly in emerging markets where fiscal space is constrained (4, 7). The prominence of these factors in the present study confirms that capital gains tax on shares is primarily evaluated as a macro-fiscal tool rather than merely a regulatory intervention.

The high ranking of legal clarity and transparency further underscores the institutional nature of feasibility in this context. The existence and transparency of relevant laws, along with the avoidance of overlapping or inconsistent regulations, were identified as critical determinants. This aligns closely with empirical evidence showing that legal ambiguity and regulatory fragmentation undermine tax compliance, increase uncertainty, and discourage market participation (20, 21). Research on tax risk demonstrates that unclear tax rules elevate firms' perceived risk and financing costs, thereby negatively affecting firm value and market stability (22). The present findings therefore reinforce the argument that without a coherent and transparent legal framework, the implementation of capital gains tax on shares is likely to face resistance, inefficiency, and unintended market distortions.

Control of speculative opportunities and guidance of investments also ranked relatively high, indicating that policymakers view capital gains taxation as a behavioral instrument aimed at shaping market dynamics. This result is consistent with studies showing that taxation and dividend-related policies influence trading behavior, price volatility, and investment horizons (11, 14). Empirical evidence from various stock markets suggests that speculative trading intensifies in environments where tax systems favor short-term gains, while well-designed capital gains taxes can encourage longer holding periods and more stable investment patterns (12, 13). The findings of this study thus support the notion that capital gains taxation is not only a revenue-generating mechanism but also a regulatory lever for moderating excessive speculation.

Environmental factors, including general economic conditions, cultural context, and political stability, occupied a middle position in the prioritization. Economic conditions were ranked higher than cultural and political factors, suggesting that macroeconomic performance and market depth are more immediate concerns for feasibility assessment. This finding is in line with prior research demonstrating that stock markets in emerging economies are particularly sensitive to macroeconomic shocks, inflation, and growth fluctuations (16, 27). Political stability, although important, ranked lower than economic variables, which may reflect the perception that political risk operates indirectly through its impact on economic expectations and policy continuity (29). Cultural conditions, while relevant to tax compliance attitudes, appear to be considered secondary to structural economic and institutional factors.

Informational sub-criteria, such as the availability, accuracy, and accessibility of information, were positioned in the mid-range of priorities, bridging legal and technological dimensions. This outcome is consistent with literature emphasizing that transparent and accessible information is a prerequisite for both efficient markets and effective tax administration (24, 26). Studies on emerging and frontier markets highlight that deficiencies in data quality and reporting systems exacerbate information asymmetry and complicate policy enforcement (25). The moderate

ranking of these factors suggests that while information infrastructure is essential, its effectiveness depends heavily on upstream legal frameworks and policy decisions.

Technological and human factors were consistently ranked lowest in both causal influence and priority weight, indicating that they are perceived as enabling conditions rather than primary drivers of feasibility. Continuous technological change, system speed and accuracy, and human resource training and motivation received relatively small weights. This does not imply that these factors are unimportant; rather, it suggests that their impact is contingent upon higher-level policy, legal, and economic conditions. Similar conclusions are found in studies on tax administration and financial market regulation, which argue that technological upgrades and capacity building yield limited benefits in the absence of coherent policy frameworks and institutional clarity (31, 32). The present findings thus support a top-down interpretation of feasibility, where technological readiness follows policy commitment rather than precedes it.

The integrated use of DEMATEL and ANP further strengthens the interpretive value of these results. DEMATEL revealed the causal dominance of government and legal factors, while ANP translated these relationships into quantitative priorities, capturing interdependencies that traditional hierarchical methods might overlook. This methodological combination responds to calls in the literature for more holistic approaches to policy evaluation in complex systems (36, 37). By explicitly modeling feedback effects and mutual influences, the study provides a nuanced understanding of how feasibility factors interact rather than operating in isolation.

Overall, the discussion of results suggests that imposing a capital gains tax on shares is primarily a question of macro-fiscal strategy and institutional readiness, supported by legal clarity and informed by market-regulatory objectives. Environmental, informational, and technological factors play important but largely supporting roles. These findings are broadly consistent with international evidence on the interaction between taxation, stock market behavior, and policy effectiveness, while offering a structured prioritization that can inform context-specific decision-making (2, 14, 35). By synthesizing expert judgment with empirical insights from the literature, the study contributes to a more comprehensive understanding of capital gains tax feasibility in stock markets.

Despite its contributions, this study has several limitations. First, the reliance on expert judgment, while appropriate for complex policy evaluation, introduces an element of subjectivity that may reflect the specific experiences and perspectives of the selected experts. Second, the sample size was necessarily limited due to the specialized nature of the topic, which may constrain the generalizability of the findings to other contexts or markets. Third, the study focuses on feasibility and prioritization rather than empirical market reactions, meaning that behavioral responses of investors were not directly observed. Finally, the analysis is cross-sectional and does not account for dynamic changes in economic conditions or policy environments over time.

Future research could extend this study by incorporating larger and more diverse panels of experts, including international specialists, to enhance the robustness and comparative scope of the findings. Longitudinal studies could examine how the prioritization of feasibility factors changes across different economic cycles or policy regimes. In addition, integrating quantitative market data with expert-based multi-criteria models could provide a richer understanding of how feasibility assessments translate into actual market outcomes. Comparative studies across countries or regions would also be valuable in identifying context-specific versus universal determinants of capital gains tax feasibility.

From a practical perspective, policymakers should prioritize establishing macroeconomic balance and clear fiscal objectives before introducing capital gains tax on shares. Legal and regulatory frameworks must be streamlined to

avoid ambiguity and overlap, ensuring transparency and predictability for market participants. Efforts to control speculative behavior and guide investment should be carefully aligned with broader market development goals. While investments in technology and human resources remain important, they should be pursued as part of a coherent policy package rather than as standalone solutions. Overall, a phased and institutionally grounded approach is likely to enhance the effectiveness and acceptance of capital gains taxation in stock markets.

Acknowledgments

Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adheried in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

Funding

References

1.   Omodero CO. Nexus Between Fiscal Policy Mechanism and Stock Market Output in a Growing Economy. Journal of Legal Studies. 2023;32(46):27-44. doi: 10.2478/jles-2023-0009.

2.   Martinez AL, Silva Rd, Neto AS. Market Concentration and Implicit Taxes: Analyzing Brazilian Firms. Rausp Management Journal. 2024;59(4):402-17. doi: 10.1108/rausp-04-2023-0055.

3.   Menike LMCS. The Impact of Fiscal and Monetary Policy Changes on Investors' Investment Performance: Empirical Evidence From Investors in the Colombo Stock Exchange in Sri Lanka. Sabaragamuwa University Journal. 2020;18(1):16-29. doi: 10.4038/suslj.v18i1.7751.

4.   Sun R. Research on the Influence of Monetary Policy on Stock Market Return. Frontiers in Business Economics and Management. 2023;10(2):320-3. doi: 10.54097/fbem.v10i2.11063.

5.   Hussain S, Ali R, Emam W, Tashkandy Y, Mishra P, Fahlevi M, et al. Economic Policy Uncertainty and Firm Value: Impact of Investment Sentiments in Energy and Petroleum. Sustainability. 2023;15(12):9656. doi: 10.3390/su15129656.

6.   Zhang L, Chen W, Hu N. Economic Policy Uncertainty and Stock Liquidity: Evidence From China. International Journal of Emerging Markets. 2021;18(1):22-44. doi: 10.1108/ijoem-06-2020-0625.

7.   Mugendi J. Impact of Macroeconomic Variables on Stock Market Volatility in Kenya. American Journal of Finance. 2024;10(1):59-71. doi: 10.47672/ajf.1812.

8.   Humaira A, Susanto H. The Effect of Cash Holding Policy, Dividend Policy and Profitability on Stock Prices. Journal of Accounting Entrepreneurship and Financial Technology (Jaef). 2020;1(2):135-48. doi: 10.37715/jaef.v1i2.1278.

9.   Akib M, Nurdin E, Purnaman SMN, Anwar F. Does Capital Structure, Profitability, and Dividend Policy Improve Stock Prices? International Journal of Professional Business Review. 2023;8(6):e02395. doi: 10.26668/businessreview/2023.v8i6.2395.

10.   AlAli MS, AlQamlas TN, AlHajri SR, AlBasri NS, AlSalem AS. Profitability, Dividend Policy and Stock Prices. International Journal of Finance & Banking Studies (2147-4486). 2024;13(1):17-21. doi: 10.20525/ijfbs.v13i1.3293.

11.   Ali M, Saeed M, Khalid MA. The Role of Dividend Policy on Stock Price Volatility: An Analysis and Evidence From Pakistan. Research Journal for Societal Issues. 2023;5(2):157-70. doi: 10.56976/rjsi.v5i2.106.

12.   Bai M, Qin Y, Bai F. Dividend Policy and Firm Liquidity Under the Tax Imputation System in Australia. International Journal of Managerial Finance. 2023;20(2):281-303. doi: 10.1108/ijmf-01-2023-0018.

13.   Kirom MS, Nur DI. Stock Returns Analysis With Dividend Policy as an Intervening Variable in IDX30 Index Companies on the Indonesia Stock Exchange. Journal of Economics Finance and Management Studies. 2023;06(11). doi: 10.47191/jefms/v6-i11-50.

14.   Wafula SN, Miroga J. Dividend Policy and Share Price Volatility of Listed Construction Firms at the Nairobi Securities Exchange, Kenya. International Journal of Research and Review. 2024;11(10):325-40. doi: 10.52403/ijrr.20241030.

15.   Emamian A, Mazlan NS. Monetary-Fiscal Policies and Stock Market Performance: Evidence From Linear ARDL Framework. Gatr Journal of Business and Economics Review. 2021;5(4):69-80. doi: 10.35609/jber.2021.5.4(7).

16.   Gbadebo AD. Exchange Rate Volatility and Nigerian Stock Market Development. International Journal of Professional Business Review. 2023;8(9):e03078. doi: 10.26668/businessreview/2023.v8i9.3078.

17.   Lau WY, Yip T-M. The Effect of Different Periods of Unconventional Monetary Policies on Japanese Financial Markets. Journal of Financial Economic Policy. 2023;15(3):263-79. doi: 10.1108/jfep-11-2022-0275.

18.   Aswata MA, Affandi RA. The U.S. Quantitative Easing Policy During the COVID-19 Pandemic and Its Influence on the Growing Number of Indonesian Retail Investors. E3s Web of Conferences. 2023;426:02136. doi: 10.1051/e3sconf/202342602136.

19.   Sreenu N, Pradhan AK. The Effect of COVID-19 on Indian Stock Market Volatility: Can Economic Package Control the Uncertainty? Journal of Facilities Management. 2022;21(5):798-815. doi: 10.1108/jfm-12-2021-0162.

20.   Tarmidi D, Alfia YD, Umar H. Analyzing Owner's Role in Influencing Corporate Tax Policy. Humanities and Social Sciences Letters. 2022;10(4):428-39. doi: 10.18488/73.v10i4.3107.

21.   Guedrib M, Hamdi Z. Investigating tax risk's influence on tax avoidance and debt costs: evidence from France. Journal of Financial Crime. 2025;32(2):321-36. doi: 10.1108/JFC-03-2024-0111.

22.   Christabella C, Puspita AF. Are the Beneish model and restatement relevant in detecting tax evasion? Journal of Accounting and Investment. 2025;26(1):360-78. doi: 10.18196/jai.v26i1.26851.

23.   Ofori E, Appiah MO. Multinational tax evasion and money laundering: examining the financial investigation system in Ghana. Journal of Money Laundering Control. 2025;28(2):442-62. doi: 10.1108/JMLC-09-2024-0150.

24.   Gbanador MA. An Empirical Test for Semi-Strong Form Efficient Market Hypothesis of the Nigeria Stock Market. Asian Journal of Economics Business and Accounting. 2021:42-53. doi: 10.9734/ajeba/2021/v21i2330532.

25.   Imhanzenobe JO. Historical Development of Frontier Stock Markets in Sub-Saharan Africa. International Journal of Professional Business Review. 2023;8(7):e02659. doi: 10.26668/businessreview/2023.v8i7.2659.

26.   Komariah SH, Gusni G, Riantani S. Determinants of the Equity Price of Main Board Index Companies. Jurnal Ilmu Keuangan Dan Perbankan (Jika). 2024;13(2):355-66. doi: 10.34010/jika.v13i2.12881.

27.   Maskey S. Specific Determinants of Share Prices: A Case Study of Listed Life Insurance Companies in Nepal Stock Exchange. Journal of Business and Management Research. 2022;4(01):49-60. doi: 10.3126/jbmr.v4i01.46682.

28.   Oluoch OS. Analysis of the Mediating Effect of Macroeconomic Factors on the Relationship Between Dividend Policy and Stock Return in Nairobi Securities Exchange in Kenya. The International Journal of Business & Management. 2024. doi: 10.24940/theijbm/2023/v11/i11/bm2311-011.

29.   Asiedu BA. The Combine Impact of Stock Market, International Investment and Clean Energy Consumption on Ecological Footprint in Emerging Countries. International Journal of Energy Sector Management. 2024;18(6):2389-407. doi: 10.1108/ijesm-12-2023-0027.

30.   Karginova-Gubinova V. Impact of Companies' Statements About Their Environmental Actions on Stock Prices. Mir (Modernization Innovation Research). 2022;13(3):369-84. doi: 10.18184/2079-4665.2022.13.3.369-384.

12

31. Efuntade OO, Olusegun FA. Assessing Literatures on the Dependence of Stock Market Development on Upstream Oil Royalty Revenue and Systematic Risk Factors: Highlighting the Relevance of Dutch Disease Theory and Capital Asset Pricing Model. International Journal of Social Sciences and Management Research. 2022;8(3):1-30. doi: 10.56201/ijssmr.v8.no3.2022.pg1.30.

32. Kam WT. The Impact of the Dividend Policy on the Price Volatilization of Common Stock—Evidence From the Stock Market of Hong Kong. 2022. doi: 10.20944/preprints202202.0362.v1.

33. Hariyanto D, Brahmana RK, Wendy W. Sectoral Herding During Global Rare Events: Evidence From the Indonesian Capital Market. Jurnal Manajemen Bisnis. 2024;15(1):99-116. doi: 10.18196/mb.v15i1.21601.

34. Fauziah L, Venusita L. The Reaction of Capital Markets in Indonesia, Singapore, Malaysia, and Thailand Towards the Announcement of Lockdown Policy During the Beginning of the Covid-19. Journal of Accounting Entrepreneurship and Financial Technology (Jaef). 2021;2(2):109-32. doi: 10.37715/jaef.v2i2.1831.

35. Zhang Y. Effectiveness of Dividend Policy on Investment Information Delivery. Accounting and Corporate Management. 2024;6(1). doi: 10.23977/acccm.2024.060117.

36. Moizz A, Akhtar S. Dynamic Linkages Between the Monetary Policy Variables and Stock Market in the Presence of Structural Breaks: Evidence From India. Asian Journal of Economics and Banking. 2024;8(3):391-411. doi: 10.1108/ajeb-01-2024-0005.

37. Roche CJ, Olweny T, Nasieku T. Fundamental Anomalies and Firms Financial Distress; Evidence From Nairobi Securities Exchange, Kenya. 2020:1-27. doi: 10.47260/jafb/1121.