要旨
Japan abolished its stock transaction tax in 1999 and streamlined the capital gains tax in 2003, in order to revitalize its ailing stock market and the economy at large during the recession. These tax reforms provide an excellent opportunity to revisit the important issue of stock market stability and taxation in finance, taking advantage of recent advances in modeling stock return volatility. Using a GARCH model and its variants incorporating the so-called *leverage effec*t, this paper examines whether and how the tax reforms affected return volatility through a reduction in transaction cost. The estimation yields evidence that the two tax reforms reduced volatility, in line with earlier findings based on the concept of historical volatility.