**Financial Decisions, Tax Effect and Investment Performance**

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***Abstract:*** *The aim of the study is to measure influence of taxation while making financial decisions and predict it with the general application in Turkey. Except for equity returns of financial and negative capital institutions registered in Bursa Istanbul between 2000 and 2012, those of all other businesses were calculated. In order to measure cost of capital, Capital Assets Pricing Model (CAPM) was employed. Businesses were divided into four regions as stated in Tax Incentive Law according to the study. As stated in Tax Incentive Law, the businesses whose costs of capital were divided into six regions where statistical analysis was made to determine whether taxation influenced financial decisions of the related businesses based on Tax Incentive Law or not. Assessment of the findings within the study determined that businesses in 1st, 2nd and 3rd regions were affected by taxation 5,69, 2,75 and 1,39 as means between 2007 and 2012, respectively. Accordingly taxation load of businesses in 1st region provinces was found to be heavier than those of businesses in other regions. Considering the Tax Incentive Law, it was found to be statistically important that taxation load of the related region should be taken into account in making any financial decisions. In this respect, there is an impact of tax when one makes financial decisions. However, other relevant factors should also be considered.*

***Keywords:*** *Financial Decision, the Kinds of Financial Decisions, Tax, Tax Incentive Law, Bursa Istanbul.*