This is how badly Saudi Arabia needs its big oil IPO to go well

Saudi Arabia gave Saudi Aramco a huge gift this week by slashing the tax rate on the national oil company to 50% from 85%. The kingdom stressed that the drastically reduced tax rate which is retroactive to the start of 2017 would be offset by dividends and investment profits. The enormous tax relief will also add tens of billions of dollars to Aramco's coffers at a time of growing concern over how much the world's largest oil company is actually worth. While Saudi Arabia has said Aramco could be valued at $2 trillion in an expected 2018 IPO some analysts believed that price tag was too generous. Saudi Arabia badly needs the Aramco IPO to go smoothly because it would generate a cash windfall at a time when plunging oil revenue has blown a hole in its once-vaunted budget.