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# WACC and a generalized tax code

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## Abstract

Valuation of firms is generally based on the WACC approach which typically neglects personal income taxes. This paper extends this approach to incorporate personal income taxes. The paper highlights the importance of personal income taxes for any

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## Notes

1. This particular feature of the German tax system is also used in Austria and France. In Italy, a 60% exemption will be available for dividends paid.
2. The following description of the national tax codes where taken from Internal Revenue Service [\(2004\)](#), Inland Revenue [\(2004\)](#), Canada Revenue Agency [\(2004\)](#), KPMG [\(2004a\)](#), KPMG [\(2004b\)](#) and Canefield [\(1999\)](#).
3. There is a reduced tax rate for manufacturing firms ranging from 27% to 38%.

### Related Research Data

Optimal capital structure under corporate and personal taxation

Source: Elsevier BV

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The Weighted Average Cost of Capital, Perfect Capital Markets, and Project Life: A Clarification

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