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so many fake sites. this is the first one which worked! Many thanks

Fundamentals of Corporate Finance 11th Edition Solutions manual Ross Westerfield Jordan

24. a. The tax bubble causes average tax rates to catch up to marginal tax rates, thus eliminating the tax advantage of low marginal rates for high income corporations.

$$b. \text{ Taxes} = .15(\$50,000) + .25(\$25,000) + .34(\$25,000) + .39(\$25,000) = \$13,900$$
$$\text{Average tax rate} = \$13,900 / \$35,000 = .34, \text{ or } 34\%$$

The marginal tax rate on the next dollar of income is 34 percent.

For corporate taxable income levels of \$35,000 to \$50 million, average tax rates are equal to marginal tax rates.

$$\text{Taxes} = .34(\$10,000,000) + .35(\$5,000,000) + .34(\$3,333,333) = \$6,416,667$$

$$\text{Average tax rate} = \$6,416,667 / \$19,333,333 = .33, \text{ or } 33\%$$

The marginal tax rate on the next dollar of income is 33 percent. For corporate taxable income levels over \$19,333,334, average tax rates are again equal to marginal tax rates.

$$c. \text{ Taxes} = .34(\$200,000) + \$68,000$$
$$\$68,000 = .15(\$50,000) + .25(\$25,000) + .34(\$25,000) + .39(\$100,000)$$
$$X(\$100,000) + \$68,000 = 22,250$$
$$X = \$45,750 / \$100,000$$
$$X = 45.75\%$$

25.

Balance sheet as of Dec. 31, 2014	
Cash	\$ 6,674
Accounts receivable	18,817
Inventory	15,711
Current assets	\$31,202
Net fixed assets	\$55,977
Total assets	\$87,179

Accounts payable	\$ 4,822
Notes payable	1,258
Current liabilities	\$ 6,110
Long-term debt	\$22,352
Owners' equity	\$58,717
Total liab. & equity	\$87,179

Balance sheet as of Dec. 31, 2015	
Cash	\$ 7,113
Accounts receivable	19,371
Inventory	16,817
Current assets	\$34,301
Net fixed assets	\$59,700
Total assets	\$94,001

Accounts payable	\$ 5,108
Notes payable	1,262
Current liabilities	\$ 6,370
Long-term debt	\$27,099
Owners' equity	\$60,512
Total liab. & equity	\$94,001

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