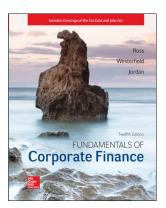# Fundamentals of Corporate Finance

Edition: 12
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The *Tax Cuts and Job Act* (TCJA) is incorporated throughout Ross *Fundamentals of Corporate Finance,* 12e. There are six primary areas of change:

1. *Corporate tax.* The new, flat-rate 21 percent corporate rate is discussed and compared to the old progressive system. The new rate is used throughout the text in examples and problems. Entities other than C corporations still face progressive taxation, so the discussion of marginal versus average tax rates remains relevant and is retained.
2. *Bonus depreciation.* For a limited time, businesses can take a 100 percent depreciation charge the first year for most non-real estate, MACRS-qualified investments. This "bonus depreciation" ends in a few years and MACRS returns, so the MACRS material remains relevant and is retained. The impact of bonus depreciation is illustrated in various problems.
3. *Limitations on interest deductions.* The amount of interest that may be deducted for tax purposes is limited. Interest that cannot be deducted can be carried forward to future tax years (but not carried back; see next).
4. *Carrybacks.* Net operating loss (NOL) carrybacks have been eliminated and NOL carryforward deductions are limited in any one tax year.
5. *Dividends received tax break.* The tax break on dividends received by a corporation has been reduced, meaning that the portion subject to taxation has increased.
6. *Repatriation.* The distinction between U.S. and non-U.S. profits has been essentially eliminated. All "overseas" assets, both liquid and illiquid, are subject to a one-time "deemed" tax.

There are also nine new topics outside of TCJA in Ross *Fundamentals of Corporate Finance*, 12e.

1. Clawbacks and deferred compensation
2. Inversions
3. Negative interest rates
4. NYSE market operations
5. Direct Listings and Cryptocurrency Initial Coin Offerings (ICOs)
6. Regulation CF
7. Brexit
8. Repatriation
9. Changes in lease accounting