

# Contents

Preface	ix
Introduction	1
<b>I. Optimal Capital Taxation and Investment Incentives</b>	<b>5</b>
1. The Optimal Taxation of Heterogeneous Capital	9
2. Tax Neutrality and the Social Discount Rate	33
3. Efficient Design of Investment Incentives	51
<b>II. Taxation and Corporate Finance</b>	<b>59</b>
4. Share Valuation and Corporate Equity Policy	63
5. Wealth Maximization and the Cost of Capital	78
<b>III. Inflation and the Firm</b>	<b>93</b>
6. Inflation and the Tax Treatment of Firm Behavior	95
7. Inflation and the Choice of Asset Life	100
Index	119