***WACC before tax***

The WACC before tax is also called the opportunity cost of capital or the required return on assets ().

There are two ways of finding the WACC before tax: using the ordinary weighted cost of capital formula, or using the CAPM.

The CAPM equation is very useful since it says that the WACC before tax will increase when the beta (systematic risk measure, ) of the firm's assets increases.

***WACC after tax***

The WACC after tax is very similar to the WACC before tax, but it takes tax shields into account as well.

The WACC after tax increases when the beta (systematic risk measure) of the firm's assets increases, , or when interest tax shields decrease, .