

Fixed costs (denote by FC) are business expenses that are not dependent on the level of goods or services produced by the business.[1] They tend to be time-related, such as salaries or rents being paid per month, and are often referred to as overhead costs. This is in contrast to variable costs, which are volume-related (and are paid per quantity produced).

$FC = TC - VC$.

As VC at $Q = 0$ also equals zero, $FC = TC$ at $Q = 0$, so $FC = TC = \$120$