

Table T18-0239
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2025 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	All Tax Units (thousands)	Tax Units Reporting Gains or Qualified Dividends ⁴		Tax Units Paying Positive Individual Income Tax On Gains or Qualified Dividends				
		Percent Within Class	Average Gains and Dividends (\$)	Percent Within Class	Average Tax Paid on Gains and Dividends (\$)	Share of Positive Individual Income Tax on Gains and Dividends	Average Individual Income Tax Rate On Gains and Dividends ⁵	On All Other Income ⁶
Lowest Quintile	46,820	4.0	3,210	0.2	**	*	**	**
Second Quintile	39,410	8.8	4,480	2.0	350	0.1	7.9	2.2
Middle Quintile	36,390	16.5	6,720	9.1	740	1.2	9.0	12.1
Fourth Quintile	30,510	27.6	9,240	18.6	1,300	3.6	11.2	13.9
Top Quintile	25,600	49.9	77,740	45.6	16,700	94.6	19.8	24.9
All	179,940	18.3	35,090	12.0	9,560	100.0	18.9	23.5
Addendum								
80-90	13,230	38.2	13,160	32.9	1,850	3.9	13.0	14.9
90-95	6,390	54.0	23,290	50.2	3,720	5.8	15.0	17.7
95-99	4,820	68.6	42,360	65.6	7,420	11.4	16.8	22.2
Top 1 Percent	1,170	82.8	731,040	81.9	158,680	73.5	21.5	32.5
Top 0.1 Percent	120	93.0	4,724,320	92.7	1,020,870	54.6	21.6	34.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0718-1).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Individual income tax on long-term capital gains and qualified dividends is calculated by comparing liability under current law to liability when qualified dividends and net long term gains in excess of net short-term losses are excluded from income and excluded from the base of the 3.8 percent net investment surtax enacted by the Affordable Care Act (ACA). Baseline is the law in place for 2025 as of 11/16/2018. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2018 dollars): 20% \$28,100; 40% \$54,000; 60% \$93,800; 80% \$168,200; 90% \$243,000; 95% \$356,100; 99% \$830,600; 99.9% \$3,770,900.

(4) Tax units reporting long-term positive gains and qualified dividends.

(5) Average individual income tax on long-term positive capital gains and qualified dividends as a percentage of gains and qualified dividends.

(6) Average individual income tax as a percentage of nongain taxable income.