

Table T16-0031
Effective Marginal Individual Income Tax Rates (EMTR) On Capital Income
Under Current Law and Ted Cruz's Tax Reform Proposal
By Expanded Cash Income Percentile, 2025¹

Expanded Cash Income Percentiles ^{2,3}	Tax Units (thousands)	Long-term Capital Gains			Qualified Dividends			Interest Income		
		Current Law	Cruz Proposal	Change (Percentage Points)	Current Law	Cruz Proposal	Change (Percentage Points)	Current Law	Cruz Proposal	Change (Percentage Points)
Lowest Quintile	48,631	0.6	0.5	-0.2	0.3	0.4	0.0	3.4	0.8	-2.7
Second Quintile	41,383	1.2	0.3	-0.9	1.5	0.2	-1.4	8.6	0.3	-8.2
Third Quintile	37,251	8.3	4.5	-3.8	9.5	2.9	-6.6	20.9	1.7	-19.2
Fourth Quintile	30,884	11.9	7.6	-4.3	11.3	7.1	-4.2	22.6	4.5	-18.2
Top Quintile	25,428	23.1	9.7	-13.5	22.5	9.5	-13.0	36.3	8.8	-27.5
All	185,081	21.5	9.1	-12.4	19.4	8.3	-11.1	29.2	6.5	-22.7
Addendum										
80-90	13,124	14.5	7.3	-7.3	14.8	7.5	-7.3	25.8	5.3	-20.5
90-95	6,369	16.8	7.7	-9.0	18.2	7.9	-10.4	29.8	6.6	-23.3
95-99	4,742	22.3	8.7	-13.6	22.3	8.7	-13.5	35.3	7.7	-27.5
Top 1 Percent	1,192	24.0	10.0	-14.1	24.0	10.1	-14.0	39.1	9.9	-29.2
Top 0.1 Percent	123	24.1	10.0	-14.0	24.0	10.1	-13.9	38.5	10.1	-28.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-4).

(1) Calendar year. Baseline is current law (including provisions in the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act of 2016). We calculate effective marginal tax rates by adding \$1,000 to the income source and recomputing tax liability. Our computation includes the impact of the alternative minimum tax and the phase-in and phase-out of credits and other tax provisions. We assume that the increase in income does not change the reported amount of any deductions, exclusions, or other forms of income. Effective marginal tax rates are weighted by the appropriate income source. For a description of the Cruz proposal, see TPC's "An Analysis of Ted Cruz's Tax Plan."

(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 2015 dollars): 20% \$26,101; 40% \$51,178; 60% \$87,777; 80% \$148,458; 90% \$217,212; 95% \$289,677; 99% \$846,843; 99.9% \$5,205,348.