Table T17-0068
Effective Marginal Tax Rates on Wages, Salaries, and Capital Income
By Expanded Cash Income Percentile, 2018 [1]

Expanded Cash Income Percentiles[2]	Tax Units (thousands)	Individual Income Tax[3]				Individual Income Tax plus Payroll Tax[4]
		Wages and Salaries	Long-term Capital Gains	Qualified Dividends	Interest Income	Wages and Salaries
Lowest Quintile	48,780	2.8	1.4	0.5	1.6	16.6
Second Quintile	38,760	16.2	1.5	1.0	7.0	29.9
Third Quintile	34,290	19.1	7.2	9.2	18.1	32.7
Fourth Quintile	28,870	20.2	10.4	11.0	22.5	33.8
Top Quintile	24,300	31.0	22.7	22.1	34.0	38.3
All	176,100	24.7	20.7	19.4	27.1	35.0
Addendum						
80-90	12,490	25.6	14.4	14.5	24.6	36.5
90-95	6,020	27.7	17.2	16.7	28.7	35.5
95-99	4,650	33.3	23.3	22.8	35.1	38.8
Top 1 Percent	1,140	38.8	23.7	23.9	36.7	42.7
Top 0.1 Percent	120	39.2	23.7	23.9	36.0	43.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

(1) Calendar year. Current Law. Effective marginal tax rates are weighted by the appropriate income source.

(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 . 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 2017 dollars): 20% $25,000; 40% $48,600; 60% $86,100; 80% $149,400; 90% $216,800; 95% $307,900; 99% $732,800; 99.9% $3,439,900.

(3) We calculate each tax unit's effective marginal individual income tax rate by adding $1,000 to the income source and dividing the resulting tax change by that $1,000. We then calculate the averages by weighting by the initial value of the appropriate income source.

(4) We calculate each tax unit's effective marginal individual plus payroll tax rate by adding $1,000 to wages and salaries. We then divide the resulting change in individual income tax plus the resulting change in the employer and employee portions of payroll taxes for Social Security and Medicare by that $1,000. We then calculate the averages by weighting by the initial value of wages and salaries. For married couples filing jointly, we assign a portion of the $1,000 increase to each spouse based on their initial shares of the household's total wages and salaries.