

Table T18-0053
Individual Income Tax on Long-Term Capital Gains
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2018¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	All Tax Units (thousands)	Tax Units Reporting Positive Gains ⁴						
		Percent Within Class	Average Tax Paid on Gains	Share of Positive Individual Income Tax on Gains	Average Individual Income Tax Rate		Addendum	
					On Gains ⁵	On All Other Income ⁶	Share of All Returns with Tax on Gains ⁷	Share of All Gains That are Taxable ⁸
Lowest Quintile	48,780	1.2	110	0.1	2.6	***	0.6	0.1
Second Quintile	38,760	3.3	110	0.1	2.6	2.8	2.2	0.2
Middle Quintile	34,280	8.0	280	0.6	4.7	9.0	13.9	1.4
Fourth Quintile	28,870	13.3	650	1.9	8.2	11.5	24.5	3.7
Top Quintile	24,300	26.3	19,820	96.0	20.8	24.8	58.6	93.1
All	176,100	8.6	8,750	100.0	19.3	23.0	100.0	100.0
Addendum								
80-90	12,490	18.5	1,460	2.6	11.2	13.5	20.3	4.3
90-95	6,020	26.6	2,700	3.3	13.6	16.1	14.6	4.8
95-99	4,650	38.7	7,390	10.1	16.9	20.2	17.1	12.1
Top 1 Percent	1,140	58.6	157,890	80.1	22.6	31.2	6.5	72.0
Top 0.1 Percent	120	78.5	875,690	60.4	22.7	33.0	0.9	54.0

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

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

(1) Calendar year. Individual income tax on long-term capital gains is calculated by comparing liability under current law to liability when 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 current law as of March 22, 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 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.

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

(5) Average individual income tax on long-term positive capital gains as a percentage of gains. The tax on long term gains is calculated as the difference in liability between the two scenarios outlined in footnote 1.

(6) Average individual income tax as a percentage of nongain taxable income. Individual income tax on all other income is calculated as income tax liability under the second scenario outlined in footnote 1. For those that report positive gains, the aggregate amount of other income is close to \$0 within the bottom quintile. We therefore do not report a value for that income class.

(7) Distribution of returns with tax on long-term capital gains among income classes.

(8) Distribution of long-term positive capital gains reported by taxpayers with tax on positive long-term capital gains among income classes.