

Table T18-0106
Effective Marginal Tax Rates on Wages, Salaries, and Capital Income
By Expanded Cash Income Level, 2018¹
Baseline: Current Law

Expanded Cash Income Level (thousands of 2018 dollars) 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
Less than 10	12,470	-6.3	2.3	1.8	1.0	7.4
10-20	22,070	-1.3	2.4	0.6	1.8	12.6
20-30	19,700	7.6	1.7	0.3	2.0	21.5
30-40	15,860	12.9	1.5	0.7	4.8	26.7
40-50	13,810	14.4	1.3	1.4	8.0	28.1
50-75	25,290	16.1	6.4	7.0	14.4	29.8
75-100	16,840	17.2	9.8	10.4	17.7	30.8
100-200	29,800	19.3	12.3	12.4	20.2	31.7
200-500	12,610	24.9	17.1	16.7	26.0	32.2
500-1,000	1,620	34.4	21.7	20.9	34.2	38.8
More than 1,000	690	35.9	22.7	23.9	37.0	39.8
All	172,000	21.5	19.9	18.1	25.3	31.7

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

(1) Calendar year. Baseline is the law in place for year 2018 as of August 23, 2018. Effective marginal tax rates are weighted by the appropriate income source. For more information on TPC's baseline definitions, 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) 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.