

Table T18-0241
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2026 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	47,100	4.2	3,140	0.2	**	*	**	**
Second Quintile	39,500	9.1	4,520	2.3	280	0.1	7.2	6.2
Middle Quintile	36,770	16.7	6,820	9.6	770	1.3	9.7	14.4
Fourth Quintile	30,760	27.8	8,920	19.2	1,190	3.4	11.1	16.5
Top Quintile	25,790	49.6	79,260	45.2	16,920	95.1	19.6	28.9
All	181,110	18.5	35,670	12.2	9,380	100.0	18.8	27.2
Addendum								
80-90	13,340	38.0	12,700	32.4	1,770	3.7	13.0	18.1
90-95	6,430	53.1	21,780	49.2	3,630	5.5	15.8	21.3
95-99	4,850	68.6	41,120	66.0	8,220	12.7	19.3	27.1
Top 1 Percent	1,180	83.4	752,640	82.5	156,310	73.2	20.6	35.8
Top 0.1 Percent	120	93.4	4,870,360	93.1	998,980	53.8	20.5	37.8

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 2026 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% \$28,600; 40% \$54,800; 60% \$95,000; 80% \$168,600; 90% \$244,100; 95% \$357,300; 99% \$836,200; 99.9% \$3,920,200.

(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.