

Table T18-0243
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2028 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	47,340	4.3	3,340	0.3	**	*	**	**
Second Quintile	39,970	9.2	4,940	2.4	310	0.1	7.1	8.0
Middle Quintile	37,490	16.7	7,450	9.7	870	1.4	10.2	14.8
Fourth Quintile	31,290	27.4	9,440	19.5	1,260	3.5	11.1	16.7
Top Quintile	26,210	49.6	83,690	45.3	17,780	94.9	19.6	29.0
All	183,490	18.5	37,750	12.4	9,800	100.0	18.8	27.3
Addendum								
80-90	13,580	38.1	13,720	32.7	1,930	3.9	12.9	18.3
90-95	6,530	52.9	23,950	49.4	4,090	5.9	16.3	21.5
95-99	4,910	68.6	42,420	66.0	8,510	12.4	19.4	27.2
Top 1 Percent	1,190	83.1	801,010	82.2	165,890	72.8	20.5	35.9
Top 0.1 Percent	120	93.3	5,120,390	93.0	1,048,990	53.0	20.4	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 2028 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% \$29,600; 40% \$56,500; 60% \$97,600; 80% \$171,000; 90% \$247,200; 95% \$362,500; 99% \$842,000; 99.9% \$4,106,300.

(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.