

Table T20-0156
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
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 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	Average Individual Income Tax Rate On All Other Income ⁶
Lowest Quintile	44,860	3.3	2,240	0.2	**	*	**	**
Second Quintile	38,000	8.0	3,330	1.2	320	0.1	8.1	-4.3
Middle Quintile	34,960	15.8	5,410	7.6	560	0.7	7.9	11.3
Fourth Quintile	28,970	26.7	7,390	16.2	1,020	2.2	10.2	13.2
Top Quintile	24,300	48.6	89,670	43.3	20,160	96.8	20.1	23.6
All	172,380	17.4	39,240	10.7	11,920	100.0	19.5	22.3
Addendum								
80-90	12,500	36.7	10,460	30.2	1,480	2.5	12.5	13.9
90-95	6,000	50.9	16,440	46.0	2,490	3.1	13.9	16.5
95-99	4,660	68.2	37,830	64.4	6,600	9.1	16.6	20.6
Top 1 Percent	1,140	86.1	855,230	85.4	184,550	82.0	21.4	31.5
Top 0.1 Percent	120	94.5	5,613,170	94.3	1,215,320	60.8	21.6	34.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

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

(1) Calendar year. Baseline is current law for 2018 as of March 17, 2020. 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). 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 2019 dollars): 20% \$25,000; 40% \$50,100; 60% \$89,700; 80% \$161,900; 90% \$237,100; 95% \$336,500; 99% \$793,500; 99.9% \$3,490,900.

(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.