

Table T20-0160
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2025¹
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	46,820	3.7	3,140	0.2	**	*	**	**
Second Quintile	40,270	8.2	4,120	1.7	270	0.1	7.2	1.9
Middle Quintile	37,170	16.0	6,550	8.6	740	1.1	9.1	12.1
Fourth Quintile	30,660	26.7	9,380	17.9	1,290	3.3	11.0	13.7
Top Quintile	25,740	48.1	82,680	43.4	18,020	94.9	19.8	24.9
All	182,030	17.5	37,030	11.4	10,270	100.0	19.0	23.5
Addendum								
80-90	13,290	36.3	14,000	30.7	1,980	3.8	12.8	14.9
90-95	6,350	50.4	22,330	46.0	3,620	5.0	15.0	17.4
95-99	4,920	68.1	43,100	64.7	7,610	11.4	16.9	22.1
Top 1 Percent	1,190	84.6	736,920	83.9	159,270	74.7	21.4	32.4
Top 0.1 Percent	120	93.7	4,666,930	93.5	1,005,140	53.9	21.5	34.6

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 2025 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% \$27,900; 40% \$55,100; 60% \$97,800; 80% \$177,600; 90% \$258,000; 95% \$368,300; 99% \$881,800; 99.9% \$3,870,800.

(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.