

Table T21-0209
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2025 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	47,930	3.6	3,010	0.2	**	*	**	**
Second Quintile	40,040	9.8	4,450	2.2	250	0.1	5.3	4.0
Middle Quintile	37,970	18.0	7,830	10.1	690	1.1	7.1	11.8
Fourth Quintile	31,050	27.4	11,580	17.8	1,500	3.5	10.1	13.5
Top Quintile	25,320	49.7	90,510	45.8	19,030	94.5	19.5	25.0
All	183,870	18.6	39,410	11.9	10,630	100.0	18.5	23.6
Addendum								
80-90	12,970	38.2	16,680	33.5	2,170	4.0	12.4	14.8
90-95	6,370	52.0	24,950	48.4	3,870	5.1	14.6	17.7
95-99	4,810	68.8	46,010	66.1	8,120	11.1	17.0	22.2
Top 1 Percent	1,170	84.9	826,880	84.0	176,570	74.3	21.1	32.5
Top 0.1 Percent	120	93.9	5,385,790	93.7	1,143,760	55.2	21.2	34.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-1).

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

(1) Calendar year. Baseline is current law for 2025 as of July 19, 2021. 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 2020 dollars): 20% \$27,700; 40% \$54,700; 60% \$98,600; 80% \$181,700; 90% \$264,900; 95% \$384,800; 99% \$893,600; 99.9% \$3,971,900.

(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.