

Table T22-0118
Effective Marginal Tax Rates on Wages, Salaries, and Capital Income
By Expanded Cash Income Percentile, 2025 ¹

Expanded Cash Income Percentiles ^{2,3}	Tax Units (thousands)	Individual Income Tax ⁴				Individual Income Tax plus Payroll Tax ⁵
		Wages and Salaries	Long-term Capital Gains	Qualified Dividends	Interest Income	Wages and Salaries
Lowest Quintile	48,280	4.0	0.7	0.3	1.3	17.8
Second Quintile	40,940	15.4	1.4	1.9	8.7	29.1
Third Quintile	37,760	17.2	8.1	7.8	16.0	30.9
Fourth Quintile	30,510	19.4	11.5	11.5	19.3	32.9
Top Quintile	25,250	28.3	21.5	21.1	32.6	35.7
All	184,260	22.9	19.8	18.1	25.4	33.2
Addendum						
80-90	12,940	23.2	15.0	14.4	23.0	33.7
90-95	6,320	24.9	17.6	17.1	26.8	33.3
95-99	4,820	31.1	20.0	19.5	32.3	36.5
Top 1 Percent	1,170	36.1	22.7	23.7	36.1	40.0
Top 0.1 Percent	120	35.9	22.6	23.6	35.4	39.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

(1) Calendar year. Baseline is current law as of 10/13/2022. Effective marginal tax rates are weighted by the appropriate income source. For more information on TPC's baseline definitions, see:

<https://www.taxpolicycenter.org/resources/tpc-baseline-definitions>

(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 2022 dollars): 20% \$31,200; 40% \$61,200; 60% \$108,700; 80% \$196,900; 90% \$287,200; 95% \$413,900; 99% \$1,000,800; 99.9% \$4,500,100.

(4) We calculate each tax unit's effective marginal individual income tax rate by adding \$1,000 to the income source and dividing the resulting tax change by that \$1,000. We then calculate the averages by weighting by the initial value of the appropriate income source. Average EMTRs on capital income for the lowest income classes are based on a relatively small number of observations.

(5) We calculate each tax unit's effective marginal individual plus payroll tax rate by adding \$1,000 to wages and salaries. We then divide the resulting change in individual income tax plus the resulting change in the employer and employee portions of payroll taxes for Social Security and Medicare by that \$1,000. We then calculate the averages by weighting by the initial value of wages and salaries. For married couples filing jointly, we assign a portion of the \$1,000 increase to each spouse based on their initial shares of the household's total wages and salaries.