

Table T23-0010
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2020¹
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	44,540	3.3	2,200	0.4	**	*	**	**	
Second Quintile	38,780	10.0	3,720	3.5	250	0.1	8.0	-13.5	
Middle Quintile	35,760	16.9	6,780	12.1	700	1.2	9.5	0.7	
Fourth Quintile	29,500	25.4	10,270	22.3	1,390	3.7	12.7	7.2	
Top Quintile	24,320	49.7	93,990	47.5	20,450	95.0	20.8	23.3	
All	176,050	17.9	41,530	13.6	10,370	100.0	20.0	20.7	
Addendum									
80-90	12,430	37.5	13,530	35.0	2,250	3.9	15.9	11.1	
90-95	6,070	51.5	20,680	49.4	3,750	4.5	17.5	16.1	
95-99	4,680	70.7	48,800	68.8	9,550	12.4	19.1	21.1	
Top 1 Percent	1,140	86.8	857,250	86.3	187,690	74.2	21.8	31.4	
Top 0.1 Percent	120	94.5	5,626,120	94.4	1,208,400	53.6	21.5	33.8	

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

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

(1) Calendar year. Baseline is current law for 2020 as of December 28, 2022. Does not include provisions enacted by the Secure 2.0 Act, which is part of the Consolidated Appropriations Act signed into law on December 29, 2022. 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 2022 dollars): 20% \$30,400; 40% \$59,800; 60% \$104,300; 80% \$185,800; 90% \$274,100; 95% \$389,400; 99% \$973,400; 99.9% \$4,281,100.

(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.