

Table T23-0012
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2021¹
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	46,860	3.4	2,470	0.4	**	*	**	**	
Second Quintile	39,090	9.3	4,320	3.6	250	0.1	6.9	-10.4	
Middle Quintile	36,290	16.6	7,800	12.4	820	1.3	10.0	2.8	
Fourth Quintile	29,720	26.3	11,790	23.3	1,600	3.9	12.8	8.2	
Top Quintile	24,590	50.5	102,680	48.1	22,810	94.1	21.2	23.7	
All	177,980	18.0	45,700	14.0	11,520	100.0	20.3	21.2	
Addendum									
80-90	12,570	38.7	16,150	36.2	2,940	4.7	17.4	12.6	
90-95	6,160	52.6	24,880	49.8	4,500	4.8	17.2	16.9	
95-99	4,720	70.5	55,070	68.7	10,820	12.2	19.2	21.8	
Top 1 Percent	1,140	86.3	947,710	85.8	212,460	72.4	22.3	31.7	
Top 0.1 Percent	120	94.6	6,195,330	94.5	1,368,410	53.1	22.1	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 2021 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% \$31,100; 40% \$60,000; 60% \$105,900; 80% \$193,600; 90% \$283,000; 95% \$410,100; 99% \$1,003,200; 99.9% \$4,338,900.

(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.