

Revised Estimates: January 27, 2003

Table T03-0048
Administration's Dividend Exclusion Proposal:
Distribution of Dividends and Income Tax Change by Percentiles, 2003¹

AGI Class ²	Returns		Returns with Dividends ³				Percent of Total Income Tax Change
	Number (thousands)	Percent of Total	Number (thousands)	Percent of All Returns	Amount (\$ millions)	Percent of Total Amount	
Lowest Quintile	25,826	19.3	873	4.0	1,023	1.1	0.2
Second Quintile	26,759	20.0	1,954	9.0	3,658	4.1	1.0
Middle Quintile	26,767	20.0	2,981	13.8	4,926	5.5	2.5
Fourth Quintile	26,766	20.0	5,209	24.1	9,931	11.0	8.0
Next 10 Percent	13,382	10.0	3,920	18.1	9,262	10.3	8.5
Next 5 Percent	6,691	5.0	2,651	12.2	10,405	11.6	9.9
Next 4 Percent	5,355	4.0	2,881	13.3	21,307	23.7	23.9
Top 1 Percent	1,339	1.0	921	4.3	28,520	31.7	45.8
All	133,835	100.0	21,658	100.0	89,962	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

(1) Calendar year. Baseline is current law. Estimates for the dividend exclusion proposal assume that the details of the proposal effectively limit tax-sheltering activity. That assumption may turn out to be over-optimistic and the long-run revenue cost could turn out to be much greater.

(2) Returns with negative AGI are excluded from the lowest quintile but are included in the totals.

(3) After adjusting for the amount of reported dividends that represent distributions of interest income from mutual funds.