

Revised Estimates: January 30, 2003

Table T03-0052
50-Percent Exclusion for Dividend Income:
Distribution of Income Tax Change by AGI Class, Non-Elderly Returns, 2003¹

| AGI Class (thousands of 2001 dollars) ² | Non-Elderly Returns | | Percent Change in After-Tax Income ³ | Percent of Income Tax Change | | Average Tax Change (\$) | Average Income Tax Rate ⁴ | |
|---|-----------------------|---------------------------|---|------------------------------|-------|----------------------------|--------------------------------------|----------|
| | Number (thousands) | Percent of All Returns | | Within Class | Total | | Current Law | Proposal |
| Less than 10 | 23,901 | 17.9 | * | 96.6 | 0.2 | -1 | -7.3 | -7.3 |
| 10-20 | 20,200 | 15.1 | * | 46.2 | 0.4 | -2 | -3.9 | -3.9 |
| 20-30 | 16,374 | 12.2 | * | 34.6 | 0.5 | -3 | 3.6 | 3.6 |
| 30-40 | 12,233 | 9.1 | * | 42.8 | 0.8 | -7 | 7.0 | 7.0 |
| 40-50 | 9,241 | 6.9 | * | 34.5 | 0.9 | -10 | 8.9 | 8.8 |
| 50-75 | 15,575 | 11.6 | * | 42.5 | 2.9 | -20 | 10.1 | 10.0 |
| 75-100 | 9,025 | 6.7 | 0.1 | 53.0 | 3.8 | -46 | 12.0 | 12.0 |
| 100-200 | 8,651 | 6.5 | 0.1 | 53.9 | 11.4 | -143 | 15.8 | 15.7 |
| 200-500 | 2,096 | 1.6 | 0.3 | 64.6 | 12.7 | -658 | 23.0 | 22.8 |
| 500-1,000 | 367 | 0.3 | 0.4 | 70.6 | 6.2 | -1,837 | 28.1 | 27.8 |
| More than 1,000 | 201 | 0.1 | 0.5 | 78.9 | 23.1 | -12,441 | 29.3 | 28.9 |
| All | 118,764 | 88.7 | 0.1 | 63.0 | 63.0 | -58 | 13.8 | 13.7 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

* Less than 0.05 percent.

- (1) Calendar year. Baseline is current law. Returns of individuals under age 65; for joint returns, both individuals are under 65. The proposal would mirror the Administration's dividend exclusion proposal but would exempt only half of qualified dividend income received by individuals, with a similar basis adjustment for qualified
- (2) Returns with negative AGI are excluded from the lowest income class but are included in the totals.
- (3) After-tax income is AGI adjusted for income excluded by the proposal, less individual income tax net of refundable credits.
- (4) Average income tax, net of refundable credits, as a percentage of average AGI adjusted for income excluded by the proposal.