

**Table T09-0181**  
**Tax Capital Gains and Qualified Dividends at 20 Percent for High Income Tax Payers**  
**Baseline: Administration Baseline With Top Two Rates Reinstated and Limitation on Itemized Deductions**  
**Small Business Tax Units**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units With Tax Increase <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.2	0.0	10.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	3.9	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	8.7	0.0	17.9
Top Quintile	2,018.5	17.5	-0.8	100.0	2,030	2.2	0.3	85.9	0.6	27.9
All	2,017.9	5.6	-0.6	100.0	651	1.9	0.0	100.0	0.5	25.3
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.2	9.5	0.0	20.5
90-95	47.9	1.7	0.0	0.1	7	0.0	-0.2	8.8	0.0	22.2
95-99	1,120.7	37.0	-0.4	11.6	898	1.1	-0.1	19.3	0.3	25.5
Top 1 Percent	850.2	81.9	-1.6	88.3	19,943	3.5	0.8	48.2	1.1	33.1
Top 0.1 Percent	112.9	92.6	-2.2	58.4	112,233	4.3	0.6	26.4	1.4	35.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	5,849	16.3	11,647	100	11,547	0.9	1.4	1.8	0.1
Second Quintile	4,797	13.3	29,694	3,155	26,538	10.6	2.8	3.4	1.2
Middle Quintile	6,137	17.1	53,636	8,178	45,458	15.3	6.5	7.4	4.0
Fourth Quintile	6,992	19.4	88,153	15,777	72,375	17.9	12.2	13.4	8.8
Top Quintile	11,541	32.1	339,534	92,730	246,804	27.3	77.7	75.1	85.6
All	35,970	100.0	140,128	34,750	105,378	24.8	100.0	100.0	100.0
<b>Addendum</b>									
80-90	4,622	12.9	127,512	26,187	101,326	20.5	11.7	12.4	9.7
90-95	2,852	7.9	177,171	39,362	137,809	22.2	10.0	10.4	9.0
95-99	3,028	8.4	319,199	80,335	238,864	25.2	19.2	19.1	19.5
Top 1 Percent	1,038	2.9	1,789,573	571,995	1,217,577	32.0	36.8	33.3	47.5
Top 0.1 Percent	122	0.3	7,782,059	2,640,596	5,141,463	33.9	18.8	16.6	25.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-1).

Note: Includes all tax units reporting a net gain or loss on Schedules C, E, or F.

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). The baseline reinstates the top two individual income tax rates and limits the tax rate at which itemized deductions reduce tax liability to 28 percent. The proposal imposes a 20 percent rate on capital gains and qualified dividends for tax units with AGI above \$200,000 (\$250,000 for couples).

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash 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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.