

Table T11-0302
Options to Tax Individuals with Income Over \$1 Million
Impact on Individual Income Tax Revenue (billions of current dollars), 2012-21 ¹

	Fiscal Year											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-21	
Baseline: Current Law												
Option 1: 50% Bracket on Ordinary Income ²	26.3	33.6	34.4	34.8	35.5	37.9	40.5	42.8	45.3	48.9	380.0	
Option 2: 50% Bracket on Ordinary Income, Treat Capital Gains and Dividends as Ordinary Income ³	3.2	-12.1	21.0	33.9	34.7	37.3	40.1	42.6	45.6	50.0	296.2	
Option 3: 50% Bracket on Ordinary Income, 25% Bracket on Capital Gain and Dividend Income ⁴	29.8	33.8	42.7	47.0	48.5	51.7	55.1	58.4	61.9	66.7	495.6	
Baseline: Current Policy ⁴												
Option 1: 50% Bracket on Ordinary Income ²	26.3	40.2	43.4	44.1	45.1	48.1	51.3	54.2	57.5	62.2	472.4	
Option 2: 50% Bracket on Ordinary Income, Treat Capital Gains and Dividends as Ordinary Income ³	-5.8	21.4	68.5	81.9	84.7	90.3	95.9	101.0	106.6	113.9	758.7	
Option 3: 50% Bracket on Ordinary Income, 25% Bracket on Capital Gain and Dividend Income ⁴	25.8	48.0	65.7	70.8	73.0	77.5	82.1	86.4	91.2	97.4	717.9	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Fiscal years. Proposals are effective 01/01/12. Estimates include a microdynamic behavioral response without a timing shift for capital gains.

(2) Proposal create a new top bracket at \$1 million (\$500,000 for married filing separately) in 2012, indexed for inflation, with a rate of 50%.

(3) Proposal create a new top bracket at \$1 million (\$500,000 for married filing separately) in 2012, indexed for inflation, with a rate of 50%. Proposal would also treat all capital gains and qualified dividends as ordinary income.

(4) Proposal create a new top bracket at \$1 million (\$500,000 for married filing separately) in 2012, indexed for inflation, with a rate of 50%. Proposal would add a new bracket for gain income at \$1 million (\$500,000 for married filing separately) in 2012, indexed for inflation, with a rate of 25%.

(5) Current policy makes 2011 tax law permanent with the exception of the temporary 2 percent reduction in Social Security payroll taxes.