

Table T16-0026
Effective Marginal Individual Income Tax Rates (EMTR) On Capital Income
Under Current Law and Ted Cruz's Tax Reform Proposal
By Expanded Cash Income Level, 2017¹

| Expanded Cash Income Level (thousands of 2015 dollars) ² | Tax Units (thousands) | Long-term Capital Gains | | | Qualified Dividends | | | Interest Income | | |
|---|-----------------------|-------------------------|---------------|----------------------------|---------------------|---------------|----------------------------|-----------------|---------------|----------------------------|
| | | Current Law | Cruz Proposal | Change (Percentage Points) | Current Law | Cruz Proposal | Change (Percentage Points) | Current Law | Cruz Proposal | Change (Percentage Points) |
| Less than 10 | 14,725 | 0.1 | 0.0 | -0.1 | 0.2 | 0.2 | 0.0 | 0.3 | 0.2 | -0.1 |
| 10-20 | 25,414 | 1.1 | 0.9 | -0.2 | 0.6 | 0.6 | 0.0 | 4.3 | 1.9 | -2.4 |
| 20-30 | 22,395 | 0.4 | 0.4 | 0.0 | 0.1 | 0.1 | 0.0 | 3.0 | 0.5 | -2.5 |
| 30-40 | 16,134 | 1.8 | 2.7 | 0.9 | 1.1 | 1.0 | -0.1 | 6.6 | 1.9 | -4.7 |
| 40-50 | 13,207 | 2.1 | 4.4 | 2.3 | 1.6 | 2.9 | 1.2 | 10.1 | 3.1 | -7.0 |
| 50-75 | 24,054 | 6.0 | 7.0 | 1.0 | 7.7 | 8.0 | 0.2 | 18.4 | 6.5 | -11.9 |
| 75-100 | 16,257 | 9.4 | 9.3 | -0.1 | 10.7 | 10.5 | -0.2 | 21.4 | 9.6 | -11.8 |
| 100-200 | 27,725 | 11.1 | 9.0 | -2.1 | 12.6 | 10.0 | -2.6 | 23.4 | 9.5 | -13.9 |
| 200-500 | 10,572 | 16.3 | 8.4 | -8.0 | 19.2 | 10.0 | -9.2 | 31.2 | 9.6 | -21.6 |
| 500-1,000 | 1,332 | 22.2 | 9.3 | -12.9 | 23.4 | 10.1 | -13.3 | 36.9 | 9.9 | -27.0 |
| More than 1,000 | 727 | 24.0 | 10.0 | -14.0 | 24.0 | 10.1 | -13.9 | 37.6 | 10.1 | -27.5 |
| All | 173,829 | 20.7 | 9.3 | -11.4 | 18.8 | 9.5 | -9.4 | 27.4 | 8.4 | -19.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-4).

(1) Calendar year. Baseline is current law (including provisions in the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act of 2016). We calculate effective marginal tax rates by adding \$1,000 to the income source and recomputing tax liability. Our computation includes the impact of the alternative minimum tax and the phase-in and phase-out of credits and other tax provisions. We assume that the increase in income does not change the reported amount of any deductions, exclusions, or other forms of income. Effective marginal tax rates are weighted by the appropriate income source. For a description of the Cruz proposal, see TPC's "An Analysis of Ted Cruz's Tax Plan."

(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>