Table T18-0107
Effective Marginal Tax Rates on Wages, Salaries, and Capital Income
By Expanded Cash Income Percentile, 2018 [1]
Baseline: Current Law

Expanded Cash Income Percentiles[2,3]	Tax Units (thousands)	Individual Income Tax[4]				Individual Income Tax plus Payroll Tax[5]
		Wages and Salaries	Long-term Capital Gains	Qualified Dividends	Interest Income	Wages and Salaries
Lowest Quintile	45,210	0.8	1.3	0.7	1.7	14.6
Second Quintile	37,820	13.0	1.8	0.9	5.6	26.7
Third Quintile	34,460	16.5	7.8	8.4	15.1	30.2
Fourth Quintile	28,920	17.5	10.5	10.9	19.1	30.9
Top Quintile	24,350	27.3	21.4	20.9	32.4	34.4
All	172,000	21.5	19.9	18.1	25.3	31.7
Addendum						
80-90	12,570	22.2	14.1	13.8	22.2	32.7
90-95	6,020	24.2	15.7	15.9	24.5	31.9
95-99	4,640	29.1	19.3	18.8	30.0	34.4
Top 1 Percent	1,130	35.9	22.7	23.8	36.9	39.8
Top 0.1 Percent	120	35.8	22.5	23.7	36.6	39.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0718-1).

(1) Calendar year. Baseline is the law in place for year 2018 as of August 23, 2018. Effective marginal tax rates are weighted by the appropriate income source. For more information on TPC’s baseline definitions, see :
https://www.taxpolicycenter.org/resources/tpc-baseline-definitions

(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

(3) The 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 breaks are (in 2018 dollars): 20% $25,100; 40% $49,300; 60% $85,900; 80% $153,300; 90% $222,900; 95% $319,100; 99% $754,800; 99.9% $3,318,600.

(4) We calculate each tax unit's effective marginal individual income tax rate by adding $1,000 to the income source and dividing the resulting tax change by that $1,000. We then calculate the averages by weighting by the initial value of the appropriate income source.

(5) We calculate each tax unit's effective marginal individual plus payroll tax rate by adding $1,000 to wages and salaries. We then divide the resulting change in individual income tax plus the resulting change in the employer and employee portions of payroll taxes for Social Security and Medicare by that $1,000. We then calculate the averages by weighting by the initial value of wages and salaries. For married couples filing jointly, we assign a portion of the $1,000 increase to each spouse based on their initial shares of the household's total wages and salaries.