

Table T18-0233
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2017¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	All Tax Units (thousands)	Tax Units Reporting Gains or Qualified Dividends ⁴		Tax Units Paying Positive Individual Income Tax On Gains or Qualified Dividends				
		Percent Within Class	Average Gains and Dividends (\$)	Percent Within Class	Average Tax Paid on Gains and Dividends (\$)	Share of Positive Individual Income Tax on Gains and Dividends	Average Individual Income Tax Rate On Gains and Dividends ⁵	On All Other Income ⁶
Lowest Quintile	44,850	3.7	2,390	0.2	**	*	**	**
Second Quintile	37,100	8.5	3,230	1.3	290	0.1	7.6	-0.8
Middle Quintile	33,900	16.5	5,380	7.8	530	0.8	8.0	12.9
Fourth Quintile	28,620	27.6	7,120	16.5	910	2.5	9.6	15.6
Top Quintile	24,210	50.5	69,180	44.5	15,290	96.5	19.7	27.5
All	169,910	18.2	31,120	11.0	9,120	100.0	18.9	26.1
Addendum								
80-90	12,470	38.6	10,070	30.8	1,380	3.1	12.1	16.7
90-95	6,010	53.6	16,110	48.4	2,370	4.0	13.8	19.7
95-99	4,610	70.4	37,750	67.1	7,130	12.9	18.2	25.3
Top 1 Percent	1,120	85.1	652,200	84.2	138,110	76.5	21.0	35.1
Top 0.1 Percent	110	94.1	4,293,650	93.7	903,580	56.7	21.0	37.7

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

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Individual income tax on long-term capital gains and qualified dividends is calculated by comparing liability under current law to liability when qualified dividends and net long term gains in excess of net short-term losses are excluded from income and excluded from the base of the 3.8 percent net investment surtax enacted by the Affordable Care Act (ACA). Baseline is the law in place for 2017 as of 11/16/2018. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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% \$25,000; 40% \$49,200; 60% \$85,500; 80% \$151,600; 90% \$220,300; 95% \$315,100; 99% \$745,300; 99.9% \$3,273,100.

(4) Tax units reporting long-term positive gains and qualified dividends.

(5) Average individual income tax on long-term positive capital gains and qualified dividends as a percentage of gains and qualified dividends.

(6) Average individual income tax as a percentage of nongain taxable income.