

Table T21-0197
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	44,570	3.5	2,220	0.2	**	*	**	**
Second Quintile	36,790	9.0	3,290	1.3	250	0.1	6.9	-0.1
Middle Quintile	34,580	17.1	5,530	8.6	500	0.8	7.5	12.8
Fourth Quintile	28,500	26.3	8,090	15.2	1,010	2.5	9.4	15.5
Top Quintile	23,800	49.6	75,870	44.1	16,420	96.6	19.5	27.7
All	169,560	18.0	33,720	10.8	9,710	100.0	18.7	26.4
Addendum								
80-90	12,180	38.3	10,990	31.2	1,420	3.0	11.6	16.8
90-95	5,970	51.6	17,480	47.0	2,540	4.0	13.7	19.9
95-99	4,540	68.3	39,080	65.1	7,460	12.4	18.3	25.5
Top 1 Percent	1,120	86.1	696,080	85.3	144,960	77.2	20.6	35.3
Top 0.1 Percent	110	94.8	4,514,370	94.5	931,690	55.7	20.6	38.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-1).

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

(1) Calendar year. Baseline is current law for 2017 as of July 19, 2021. 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). 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 2020 dollars): 20% \$26,000; 40% \$51,000; 60% \$90,500; 80% \$162,900; 90% \$238,000; 95% \$338,400; 99% \$807,500; 99.9% \$3,495,300.

(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.