

Table T21-0199
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2018¹
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	45,010	3.4	2,230	0.2	**	*	**	**	
Second Quintile	37,480	9.2	3,540	1.6	250	0.1	6.1	-0.7	
Middle Quintile	35,170	17.0	6,070	8.7	580	0.9	7.6	11.1	
Fourth Quintile	28,940	26.5	9,070	15.8	1,200	2.8	9.6	13.0	
Top Quintile	24,040	49.9	82,350	45.3	17,130	96.2	19.0	23.7	
All	171,890	18.1	36,530	11.2	10,110	100.0	18.2	22.5	
Addendum									
80-90	12,310	38.4	12,700	32.8	1,650	3.4	11.9	13.8	
90-95	6,020	51.9	18,920	47.6	2,740	4.0	13.5	16.7	
95-99	4,590	69.4	43,140	66.1	7,360	11.5	16.3	20.9	
Top 1 Percent	1,120	85.6	761,030	84.7	157,490	77.2	20.5	31.6	
Top 0.1 Percent	120	94.7	4,981,410	94.5	1,020,610	57.3	20.5	34.3	

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 2018 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% \$51,400; 60% \$91,200; 80% \$164,900; 90% \$242,000; 95% \$344,500; 99% \$818,100; 99.9% \$3,476,900.

(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.