

Table T23-0018
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2025 ¹
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	48,280	3.7	2,890	0.4	**	*	**	**	
Second Quintile	40,940	9.7	4,660	3.9	280	0.2	6.7	7.4	
Middle Quintile	37,760	18.0	8,340	13.8	800	1.5	9.4	10.6	
Fourth Quintile	30,510	27.2	12,250	24.4	1,530	4.2	12.2	12.4	
Top Quintile	25,250	49.7	96,580	47.7	21,060	93.5	21.0	24.5	
All	184,260	18.4	42,040	14.4	10,220	100.0	19.9	22.5	
Addendum									
80-90	12,940	38.1	17,190	35.7	2,560	4.4	14.8	14.7	
90-95	6,320	51.7	27,350	49.4	4,760	5.5	16.8	17.4	
95-99	4,820	69.9	50,710	68.4	10,000	12.2	19.4	22.1	
Top 1 Percent	1,160	85.3	873,780	84.8	196,070	71.5	22.3	31.9	
Top 0.1 Percent	120	93.7	5,622,650	93.6	1,241,280	51.5	22.1	33.9	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

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

(1) Calendar year. Baseline is current law for 2025 as of December 28, 2022. Does not include provisions enacted by the Secure 2.0 Act, which is part of the Consolidated Appropriations Act signed into law on December 29, 2022. 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 2022 dollars): 20% \$31,200; 40% \$61,200; 60% \$108,700; 80% \$196,900; 90% \$287,200; 95% \$413,900; 99% \$1,000,800; 99.9% \$4,500,100.

(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.