

Table T23-0020
Individual Income Tax on Long-Term Capital Gains and Qualified Dividends
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2026 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	48,590	3.8	3,180	0.5	**	*	**	**	
Second Quintile	41,180	9.9	4,830	4.2	330	0.2	7.3	9.0	
Middle Quintile	38,100	18.2	8,500	14.0	860	1.7	10.4	12.8	
Fourth Quintile	30,730	27.4	12,370	24.7	1,580	4.3	12.9	14.8	
Top Quintile	25,380	49.7	94,620	47.7	21,240	93.1	21.7	28.3	
All	185,520	18.5	41,170	14.6	10,230	100.0	20.6	26.1	
Addendum									
80-90	13,010	38.0	17,250	35.7	2,600	4.4	15.1	17.7	
90-95	6,360	51.9	27,100	49.9	5,100	5.9	18.3	20.9	
95-99	4,840	69.6	50,960	68.2	11,390	13.6	22.0	26.9	
Top 1 Percent	1,170	85.0	850,160	84.6	193,090	69.3	22.6	35.3	
Top 0.1 Percent	120	93.5	5,392,310	93.4	1,202,140	49.0	22.3	37.3	

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 2026 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% \$31,500; 40% \$62,000; 60% \$110,100; 80% \$199,500; 90% \$289,900; 95% \$416,700; 99% \$1,008,900; 99.9% \$4,536,000.

(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.