

Revised Estimates: January 30, 2003

Table T03-0050
50-Percent Exclusion for Dividend Income:
Distribution of Income Tax Change by AGI Class, 2003¹

AGI Class (thousands of 2001 dollars) ²	Returns		Percent Change in After-Tax Income ³	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate ⁴	
	Number (thousands)	Percent of Total				Current Law	Proposal
Less than 10	25,755	19.2	*	0.2	-1	-6.7	-6.8
10-20	23,602	17.6	*	0.8	-4	-3.0	-3.1
20-30	18,644	13.9	*	1.5	-9	3.8	3.8
30-40	13,534	10.1	*	1.9	-15	7.0	7.0
40-50	10,307	7.7	0.1	2.5	-26	9.0	8.9
50-75	17,874	13.4	0.1	6.8	-41	10.3	10.2
75-100	10,224	7.6	0.1	7.2	-76	12.3	12.2
100-200	9,906	7.4	0.2	21.2	-232	16.0	15.9
200-500	2,395	1.8	0.4	19.7	-892	23.0	22.7
500-1,000	418	0.3	0.4	8.8	-2,282	27.7	27.4
More than 1,000	226	0.2	0.6	29.2	-14,008	28.8	28.4
All	133,835	100.0	0.2	100.0	-81	13.9	13.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

* Less than 0.05 percent.

(1) Calendar year. The proposal would mirror the Administration's dividend exclusion proposal but would exempt only half of qualified dividend income received by individuals with a similar basis adjustment for qualified capital gains.

(2) Returns with negative AGI are excluded from the lowest income class but are included in the totals.

(3) After-tax income is AGI, plus any untaxed portion of dividends, less individual income tax net of refundable credits.

(4) Average income tax, net of refundable credits, as a percentage of average AGI plus any untaxed portion of dividends.