

Revised Estimates: January 30, 2003

**Table T03-0051**  
**50-Percent Exclusion for Dividend Income:**  
**Distribution of Income Tax Change by AGI Class, Elderly Returns, 2003<sup>1</sup>**

AGI Class (thousands of 2001 dollars) <sup>2</sup>	Elderly Returns		Percent Change in After-Tax Income <sup>3</sup>	Percent of Income Tax Change		Average Tax Change (\$)	Average Income Tax Rate <sup>4</sup>	
	Number (thousands)	Percent of all Returns		Within Class	Total		Current Law	Proposal
<b>Less than 10</b>	1,854	1.4	*	3.4	*	**	-0.8	-0.8
<b>10-20</b>	3,402	2.5	0.1	53.8	0.5	-14	2.2	2.1
<b>20-30</b>	2,270	1.7	0.2	65.4	1.0	-47	5.4	5.2
<b>30-40</b>	1,301	1.0	0.3	57.2	1.1	-91	7.6	7.4
<b>40-50</b>	1,066	0.8	0.4	65.5	1.6	-166	10.2	9.9
<b>50-75</b>	2,300	1.7	0.3	57.5	3.9	-184	11.6	11.4
<b>75-100</b>	1,199	0.9	0.4	47.0	3.4	-305	14.1	13.8
<b>100-200</b>	1,255	0.9	0.7	46.1	9.8	-844	17.5	16.9
<b>200-500</b>	299	0.2	1.1	35.4	7.0	-2,532	22.9	22.1
<b>500-1,000</b>	51	*	1.0	29.4	2.6	-5,454	25.3	24.6
<b>More than 1,000</b>	25	*	1.2	21.1	6.2	-26,401	25.2	24.3
<b>All</b>	15,071	11.3	0.6	37.0	37.0	-266	14.7	14.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

\* Less than 0.05 percent. \*\* Less than \$1 in absolute value.

(1) Calendar year. Baseline is current law. Returns of individuals age 65 and over; for joint returns, at least one individual is 65 or over. 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.

(4) After-tax income is AGI adjusted for income excluded by the proposal, less individual income tax net of refundable credits.

(5) Average income tax, net of refundable credits, as a percentage of average AGI adjusted for income excluded by the proposal.