



Increase Tax Rates on Capital Gains & Dividends

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<https://budgetmodel.wharton.upenn.edu/model-estimates-1/2019/11/18/increase-tax-rates-on-capital-gains-dividends>

Summary: We estimate the budgetary and economic effects of increasing the top rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent. The policy would be enacted on January 1st, 2021.

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Table 1. Conventional and Dynamic Budget Estimate, FY2021-2030

Billions of Dollars, Change from Current-Law Baseline

Policy	Conventional										Dynamic			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2025	2021-2030	2021-2025	2021-2030
Increase tax rates on capital gains & dividends	4.7	6.3	6.4	6.5	6.8	6.4	6.8	7.2	7.4	7.8	30.7	66.3	14.0	59.3



Table 2. Dynamic Macroeconomic Effects

Percent Change from Baseline

Year	GDP	Capital stock	Labor income	Weeks worked
2030	0.0%	0.1%	0.0%	0.0%
2040	0.0%	0.1%	0.0%	0.0%
2050	0.1%	0.3%	0.1%	0.0%

Note: Consistent with empirical evidence*, the projections above assume that the U.S. economy is 40 percent open and 60 percent closed. Specifically, 40 percent of new government debt is purchased by foreigners.

* <https://budgetmodel.wharton.upenn.edu/issues/2016/9/13/setting-behavioral-responses-in-pwbms-dynamic-simulations>