

## Tax Cuts on Capital Gains & Dividends Doubled Bush Income Tax Cuts for the Wealthiest in 2003

A new analysis of IRS income tax data for 2003 shows that the tax cuts for capital gains and dividends enacted that year almost doubled the size of the Bush income tax cuts enacted in 2001-03 for the wealthiest Americans.

The 2003 tax act lowered the top tax rate on corporate stock dividends from 35 percent to 15 percent, and reduced the top capital gains tax rate from 20 percent to 15 percent for gains realized after May 5, 2003. As a result of these changes:

- The size of the Bush income tax cuts enacted in 2001 through 2003 for those with adjusted gross incomes greater than \$10 million a year increased from a 2003 average of \$521,905 to \$1,019,369 — a 95 percent increase.
- In contrast, the 71 percent of tax filers with AGI less than \$50,000 saved an average of only \$10 each from the capital gains and dividend tax cuts, adding only 2 percent to their \$425 average tax reduction in 2003.
- Almost 43 percent of the capital gains and dividend tax cuts in 2003 went to the 181,000 filers with AGI greater than \$1 million. These filers represented only 0.1 percent of all tax returns.

### Who Benefited from the Bush Investment Income Tax Cuts in 2003?

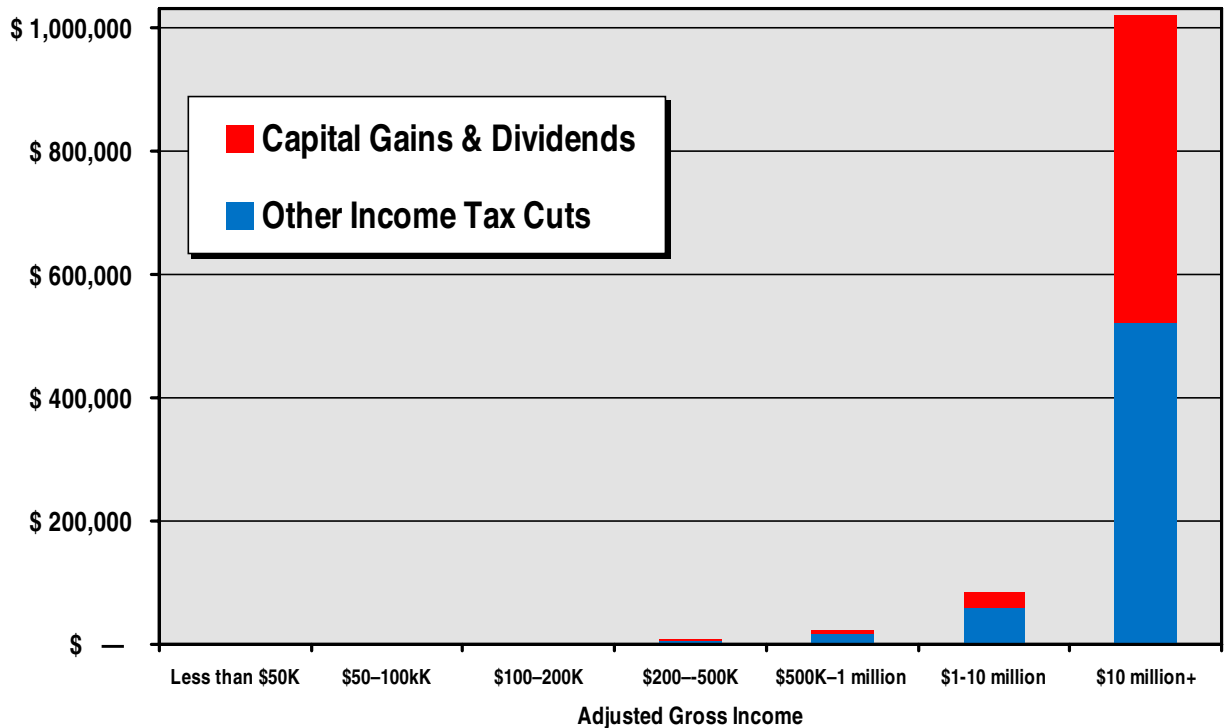
Adjusted gross income	% of all filers	Average 2001-03 income tax cuts in 2003*			% increase in tax cut from capital gains & dividend cut	Share of total capital gains and dividends tax cut
		All except capital gains & dividends	Capital gains & dividends	Total income tax cut		
Less than \$50K	70.6%	\$ 425	\$ 10	\$ 435	+2%	5.3%
\$50-100kK	20.6%	1,588	68	1,656	+4%	10.4%
\$100-200K	6.8%	3,357	268	3,625	+8%	13.5%
\$200--500K	1.5%	5,599	1,489	7,088	+27%	16.9%
\$500K-1 million	0.3%	16,988	5,491	22,479	+32%	11.1%
\$1-10 million	0.1%	59,216	25,450	84,666	+43%	25.4%
\$10 million+	0.0%	521,905	497,463	1,019,369	+95%	17.3%
<b>ALL FILERS</b>	<b>100.0%</b>	<b>\$ 1,093</b>	<b>\$ 135</b>	<b>\$ 1,228</b>	<b>+12%</b>	<b>100.0%</b>

\*Figures exclude cuts in estate taxes and corporate taxes, which primarily went to the very well-off.

Source: Internal Revenue Service and ITEP Tax Model, April 2006.

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## Average Bush 2001–03 Income Tax Cuts in 2003



“Politicians who back the tax cuts on dividends and capital have consistently claimed that these tax breaks do not favor the rich,” noted Robert S. McIntyre, director of Citizens for Tax Justice. “The new data from the IRS offers conclusive evidence that those claims are false.” McIntyre added, “Sadly, knowing the truth is unlikely to get these politicians to change their minds.”

For additional coverage of this issue, see the New York Times, April 5, 2006, page A1: [http://www.nytimes.com/2006/04/05/business/05tax.html?ex=1144900800&en=d81669f181419919&ei=5009&partner=MSN\\_BUSINESS](http://www.nytimes.com/2006/04/05/business/05tax.html?ex=1144900800&en=d81669f181419919&ei=5009&partner=MSN_BUSINESS)