



WHAT WILL TOP MARGINAL INVESTMENT TAX RATES CLIMB TO UNDER THE HOUSE HEALTHCARE PLAN?

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If the House votes for the rule on the budget reconciliation bill this Sunday, the Senate's Christmas Eve healthcare bill gets sent to President Obama's desk and becomes law.

That's the main fight right now.

However, it pays to look ahead to the House's suggested "improvements" to the Senate healthcare bill which are contained in the reconciliation bill. One of these "improvements" is a 3.8% surtax on "unearned" (investment) income in households making more than \$250,000 (\$200,000 for singles).

What would the various top tax rates on investment income rise to under this "improvement?"

	Capital Gains	Dividends	Other*
<i>2010</i>	15%	15%	35%
<i>2011-2012 (current law)</i>	20%	39.6%	39.6%
<i>2011-2012 (Obama budget)</i>	20%	20%	39.6%
<i>2013- (current law)</i>	23.8%	43.4%	43.4%
<i>2013- (Obama budget)</i>	23.8%	23.8%	43.4%

**Other unearned income includes (for surtax purposes) gross income from interest, annuities, royalties, net rents, and passive income in partnerships and Subchapter-S corporations. It does not include municipal bond interest or life insurance proceeds, since those do not add to gross income. It does not include active trade or business income, fair market value sales of ownership in pass-through entities, or distributions from retirement plans. The 3.8% surtax does not apply to non-resident aliens.*

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