Budget Model

Capital Gains Withholding

Published on January 20, 2021

https://budgetmodel.wharton.upenn.edu/estimates/2021/1/20/capital-gains-withholding

Summary: We estimate the budgetary effects of withholding unrealized capital gains from wealthy taxpayers. The proposal would treat death and charitable contributions as taxable realization events, and require taxpayers with net worth above a certain threshold to pre-pay taxes on their unrealized capital gains over ten years. We estimate the revenue effects under two tax rate regimes and several net worth thresholds. For more details on this proposal, refer to the working paper "Capital Gains Withholding" by Emmanuel Saez, Danny Yagan, and Gabriel Zucman.*

* http://gabriel-zucman.eu/files/SYZ2021.pdf

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Table 1. Conventional Revenue Estimates under Various Tax Rate and Net Worth Threshold Scenarios (Fiscal Years 2021 - 2030)

Billions of Dollars, Change from Current-Law Baseline

Threshold	$5M	$10M	$20M	$50M	$100M	$200M	$500M	$1B
Top rate: 39.6%								
Budget window (FY receipts)	$5,072	$4,267	$3,291	$2,233	$1,809	$1,432	$1,247	$925
2021 (CY liability)	$539	$448	$341	$230	$179	$145	$117	$90
Number of withholding taxpayers (2021)	3,454,509	1,368,050	479,919	89,922	29,309	8,477	3,352	604
Top rate: 23.8%								
Budget window (FY receipts)	$4,765	$3,993	$3,122	$2,077	$1,674	$1,311	$1,144	$865
2021 (CY liability)	$448	$372	$282	$189	$151	$120	$102	$79
Number of withholding taxpayers (2021)	3,779,297	1,580,600	535,674	107,239	35,593	10,012	3,554	627
Source: Penn Wharton Budget Model calculations								