

NAR Frequently Asked Questions

Health Insurance Reform

Marginal Tax Rates: 2010-2013*

(Marginal Tax Bracket is Rate Imposed on Last Dollar of Income)

Year Income Category	Maximum Marginal Rate without Medicare	Maximum Rate with Medicare (Employee Only - 1.45%)	Maximum Rate with Medicare (Self-employed - 2.9%)
2010 (Current Law)			
Ordinary Income	35%	36.45%	37.9%
Capital Gains, Dividends	15%	15%	15%
Rental Income, Interest	35%	35%	35%
2011 (Expiration of Bush Tax Cuts)			
Ordinary Income	39.6%	41.05%	42.5%
Capital Gains	20%	20%	20%
Dividends, Interest	39.6%	39.6%	39.6%
Rental Income	39.6%	39.6%	39.6%
2013 (Adds new Medicare Taxes)			
Ordinary Income (Adds 0.9% tax on Earned Income)	39.6%	41.95%	43.4%
Capital Gains (Adds 3.8% tax on Unearned Income)	20%	23.8%	23.8%
Dividends, Interest (Adds 3.8% tax on Unearned Income)	39.6%	43.4%	43.4%
Rental Income (Adds 3.8% tax on Unearned Income)	39.6%	43.4%	43.4%

*Several special calculations actually increase the marginal tax rates of many upper income individuals. These include the loss of the personal exemption, loss of some itemized deductions and special self-employment tax deductions and rate adjustments. This chart does not reflect those special calculations because their impact will vary from taxpayer to taxpayer.