

Income Tax Rates, 1938 to Present

Pres. Administration	Years	Income Tax Rate % by Income Level (Income Adjusted for Inflation)					
		\$25,000	\$50,000	\$100,000	\$200,000	\$500,000	Maximum
Roosevelt	1938	4%	4%	9%	12%	23%	79%
Roosevelt	1941	10	13	21	33	54	81
Roosevelt	1942-43	19	22	30	46	64	88
Roosevelt-Truman	1944-45	23	29	37	53	72	94
Truman	1946-51	22	26	34	50	69	91
Truman-Eisenhower	1952-53	24.6	34	48	66	80	92
Eisenhower	1954-63	22	30	43	59	78	91
Kennedy-Johnson	1964	20	27	37.5	56	68.5	77
Johnson-Nixon	1965-70	19	25	39	53	66	70
Nixon-Ford	1971-76	21	25	36	50	69	70
Carter	1977-78	21	27	45	62	70	70
Carter	1979-81	19	30	44	63	70	70
Reagan	1982	19	31	50	50	50	50
Reagan	1983	19	28	45	50	50	50
Reagan	1984-86	18	26	42	50	50	50
Reagan	1987	15	28	35	38.5	38.5	38.5
Reagan-Bush	1988-90	15	28	28	28	28	28
Bush	1991-92	15	28	31	31	31	31
Clinton	1993-2000	15	28	31	36	39.6	39.6
G.W. Bush	2002	15	27	30	35	38.6	38.6
G.W. Bush-Obama	2003-2012	15	25	28	33	35	35

The income levels above are in 2011 dollars, not nominal dollars. For example, the actual income level for the 10% rate in 1941 was income under \$2,000, which is equivalent to \$30,500 today.

In addition to the changes in the tax rates over the years, the number of tax "brackets" has been reduced. From 1938 to 1976 there were 24 brackets, which meant a more gradual increase in percentages as income increased, and it meant that those with outrageously high incomes paid higher rates than those with only extremely high incomes. Starting in 1977 the number of brackets was reduced, and it has been at the current level of five brackets since 1993.

Taxes on Dividends

Taxes on dividends were at the same rate as earned income until 2003 when they were reduced to 15% as part of the Bush tax cuts for the wealthy.

Taxes on Capital Gains

Taxes on capital gains have often been a bit lower than taxes on earned income. In 1988, under Reagan, the rate was 28%, and remained at that level until 1998, when it was reduced to 20%. Then it was reduced to 15% in 2003 as part of the Bush tax cuts for the wealthy.

