



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 13-12, Kentucky State Income Tax Withholding

Date: February 6, 2013

To: Subscribers of Tax Bulletins

Beginning with wages paid for Pay Period 06, 2013, the National Finance Center (NFC) will increase the standard deduction from \$2,290 to \$2,360 to the State of Kentucky income tax withholdings.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the *NFC Home Page* (<http://www.nfc.usda.gov>) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate State from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, authorized Servicing Personnel Office representatives should contact the NFC Contact Center at **1-855-NFC-4GOV (1-855-632-4468)** or via the Internet using the Requester Console.

RANDY L. SPEED, Director
Government Employees Services Division

Attachment

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Kentucky State Income Tax Information

State Abbreviation:	KY
State Tax Withholding State Code:	21
Acceptable Exemption Form:	K-4
Basis for Withholding:	State Exemptions
Acceptable Exemption Data:	0/Number of Exemptions
TSP Deferred:	Yes
Special Coding:	Determine the Total Number of Allowances Claimed field as follows: First Position - Enter 0 (zero). Second and Third Positions - Enter the number of exemptions are claimed.
Additional Information:	None

Withholding Formula ▶(Effective Pay Period 06, 2013)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program and Flexible Spending Account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (i.e., taxable life insurance) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Subtract the standard deduction of ▶\$2,360◀ from the result of step 4 to compute the taxable income.
6. Apply the taxable income computed in step 5 to the following table to determine the annual Kentucky tax withholding.

Tax Withholding Table

If the Amount of Taxable Income Is:		The Amount of Kentucky Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$0	\$3,000	\$0	plus	2.0%	\$0
3,000	4,000	60	plus	3.0%	3,000
4,000	5,000	90	plus	4.0%	4,000
5,000	8,000	130	plus	5.0%	5,000
8,000	75,000	280	plus	5.8%	8,000
75,000	and over	4,166	plus	6.0%	75,000

- Determine the exemption allowance by applying the following guideline and subtract this amount from the result in step 6 to compute the annual Kentucky tax withholding.

$$\text{Exemption Allowance} = \$20 \times \text{Number of Exemptions}$$

- Divide the annual Kentucky tax withholding by 26 to obtain the biweekly Kentucky tax withholding.