

WITHHOLDING
KENTUCKY INCOME TAX



2005 WITHHOLDING TAX TABLES

COMPUTER FORMULA

Revised June 2005

Effective Immediately for Tax Year
Beginning January 1, 2005

Commonwealth of Kentucky
DEPARTMENT OF REVENUE
Frankfort

Kentucky
UNBRIDLED SPIRIT™

Forms

Operations and Support Services
200 Fair Oaks Lane
Frankfort, KY 40620
(502) 564-3658

Information

Withholding Tax Inquiries (502) 564-7287
Telecommunication Device for the Deaf (502) 564-3058

**Forms and Information
on the Internet**

www.revenue.ky.gov

KENTUCKY TAXPAYER SERVICE CENTER LOCATIONS

Ashland

134 Sixteenth Street, 41101-7670
(606) 920-2037
Fax: (606) 920-2039

Bowling Green

201 West Professional Park Court, 42104-3278
(270) 746-7470
Fax: (270) 746-7847

Central Kentucky

200 Fair Oaks Lane
Frankfort, 40620
(502) 564-4581 (Taxpayer Assistance)
Fax: (502) 564-8946

Corbin

15100 North US25E, Suite 2, 40701-6188
(606) 528-3322
Fax: (606) 523-1972

Hopkinsville

181 Hammond Drive, 42240-7926
(270) 889-6521
Fax: (270) 889-6563

Louisville

620 South Third Street, Suite 102, 40202-2446
(502) 595-4512
Fax: (502) 595-4205

Northern Kentucky

Turfway Ridge Office Park
7310 Turfway Rd., Suite 190
Florence, 41042-4871
(859) 371-9049
Fax: (859) 371-9154

Owensboro

401 Frederica Street, 42301-6295
Corporate Center, Suite 201C
(270) 687-7301
Fax: (270) 687-7244

Paducah

2928 Park Avenue, 42001-4024
Clark Business Complex, Suite G
(270) 575-7148
Fax: (270) 575-7027

Pikeville

126 Trivette Drive, Suite 203, 41501-1275
Uniplex Center
(606) 433-7675
Fax: (606) 433-7679

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.



COMPUTER FORMULA (OPTIONAL WITHHOLDING METHOD)

Employers may compute Kentucky income tax withholding by the computer formula shown below. No other formula or withholding method may be used unless specific written approval is granted by the Department of Revenue. Further information may be secured by writing the Withholding Tax Branch, Kentucky Department of Revenue, P.O. Box 1274, Frankfort, Kentucky 40602-1274.

2005 Kentucky Tax Rate Schedule

2% of the first \$3,000 of net income
3% of the next \$1,000 of net income
4% of the next \$1,000 of net income
5% of the next \$3,000 of net income
5.8% of the next \$67,000 of net income
6% of the net income in excess of \$75,000

Formula:

Gross wages for pay period multiplied by the number of annual pay periods equals annual gross income. Annual gross income minus the standard deduction equals taxable income. Compute tax on taxable income using the Kentucky tax rate schedule to determine gross annual tax. Gross annual tax minus tax credits (\$20 times the number of tax credits claimed) divided by number of pay periods annually equals Kentucky withholding tax for pay period.

2005 Example:

Payroll Frequency	Monthly
Gross Monthly Wages	\$2,000
One Tax Credit (exemption)	\$20

1. Compute annual gross income: $\$2,000 \times 12 = \$24,000$
2. Compute taxable income: $\$24,000 - \$1,910 = \$22,090$
3. Compute tax: $\$22,090 \times \text{tax rate} = \$1,097.22$
4. Deduct tax credit (exemption): $\$1,097.22 - \$20 = \$1,077.22$
5. Compute tax for tax period: $\$1,077.22 \div 12 = \89.77 (*monthly withholding*)
(Divide by number of pay periods)

NOTE: The Department of Revenue annually adjusts the standard deduction in accordance with KRS 141.081(2)(a). Employers that use the formula to compute the amount of withholding may use the standard deduction for the current year.