

## How Do I Update My Kentucky Tax Tables?

### Where do I find the tax tables?

For KY tax tables, you will need the current form [42A003](#) "Withholding Tax Instructions for Employers" found on the [KY Department of Revenue](#) website.

### Which tables do I use?

In May 2018, Kentucky enacted a 5% flat tax rate. In this formula, exemptions are not taken into account, only the standard deduction.

Note that the figures shown in this document are for demonstration purposes only, and may not be current. Please consult the current publication for the most up-to-date information. Though the figures change periodically, the method of calculation should remain the same. If the calculation method has changed for this state please notify the [webmaster](#).

*2018 Kentucky Standard Deduction: \$2,530*

*2018 Kentucky Tax Rate: 5% of taxable income*

**Figure 1** - 2018 KY Tax Rate

**Formula:**

Wages for the pay period multiplied by the number of annual pay periods equals annual wages. Annual wages minus the Kentucky standard deduction equals annual Kentucky wages. Compute tax on wages using the 5% Kentucky flat tax rate to determine gross annual Kentucky tax. Divide the gross annual Kentucky tax by the number of annual pay periods to determine the Kentucky withholding tax for the pay period.

**Figure 2** - 2018 KY Tax Formula

## How to setup/update the tables in PowerChurch Plus

To setup/update PowerChurch Plus with the state tax table shown in Figure 1 above, select the **Accounting** menu, **Payroll, Setup**, then **Maintain Tax Tables**.

Click Add to enter a new table, or use the Find/Locate buttons to select an existing KY tax table to update. When adding a new table, you will be prompted for the type of tax table you're adding. Select **State: Kentucky (Post 5/2018)**. For each table, enter the following information:

- **Description:** Enter a unique name to identify the tax table (for example, "KY State Tax").
- **Tax type:** The type of tax in which this table applies. In this instance, select State Tax.
- **Standard deduction:** Enter the amount for the standard deduction. The KY

Department of Revenue annually adjusts the standard deduction.

- **Percentage:** Enter the flat percentage for the current year.
- **Round tax to nearest whole dollar:** If required, check this box to round the calculated tax amount to the nearest whole dollar.

When you are done, the screen should look like this:

The screenshot shows a software window titled "Maintain Tax Tables". At the top, there are several buttons: "Add", "Delete", "Locate", "Next", "Previous", and "Close". The "Add" button is highlighted with a blue border. Below the buttons, there are two text input fields: "Description: Kentucky State Tax" and "Tax type: Kentucky State Tax". To the right of the "Tax type" field is a dropdown arrow and a link that says "How is this used?". Below these fields is a blue hyperlink: "Click here for more information on how to complete the tax table setup." Further down, there are three more input fields: "Standard deduction: 2530.00", "Percentage: 5.0000 %", and a checkbox labeled "Round tax to nearest whole dollar" which is currently unchecked. At the bottom of the window, there is a "Kentucky" label, a "Last Updated: 06/18/2018 12:25:58 PM by SYSTEM ADM" timestamp, and "Save" and "Cancel" buttons.

**Figure 3** - KY 2018 State Tax Table

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