

E-Mail ALSPO A/10

Subj: STATE TAX EXEMPTION STATUS FOR RESIDENTS OF KENTUCKY

Ref: (a) [Personnel and Pay Procedures Manual, PPCINST M1000.2\(series\), Chap 8-B](#)

Introduction This E-mail ALSPO message announces the implementation of exemption from state income tax for members claiming Kentucky as their state of legal residence.

Discussion Effective for taxable years beginning on or after 1 January 2010, all military pay received by active duty or reserve members of the Armed Forces will be exempt from Kentucky income tax.

The military pay exemption applies to all Kentucky military members regardless of where the member is stationed.

Discontinuation of Kentucky state income tax withholding Effective 1 January 2010, PPC stopped withholding of state income tax for members claiming Kentucky as their state of legal residence.

SPO procedures When establishing or changing state of legal residency to Kentucky, enter the State Code –“KY”, in the *State Info* section of the *Employee Tax Data, State Tax Data 1* tab, as shown below. The *Marital Status* and **Number of Exemptions** do not apply. Their default values, which are carried over from the Federal Tax Data tab, will not be passed to JUMPS.

[Home](#) > [Compensate Employees](#) > [Maintain Payroll Data \(US\)](#) > [Use](#) > [Employee Tax Data](#)

Federal Tax Data 1 Federal Tax Data 2 Federal Tax Data 3 State Tax Data 1 State Tax Data 2

ID:

Company: CGA Active Coast Guard Employees

Effective Date: 01/11/2010

State Info. Find | View All < 1 of 1 >

*State: KY Graduated Tax Tbls-Allowances

Resident Non-Residency Statement Filed UI Jurisdiction

Special Tax Status

None Exempt and do not withhold tax Native American

Maintain gross taxable; SWT will be zero unless specified in 'Additional Withholding' below

Marital Status: 1 Single or married claim single

Withholding Allowances: 0

Additional Amount Adjustment

Amount: Increase Decrease

Percentage:

Lock-In Details

Letter Received

Limit On Allowances: 0

Continued on next page

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**Directives
affected**

Kentucky state tax exemption rules for military personnel will be incorporated into the next change to reference (a).

Questions

Questions regarding the content of this e-mail ALSPO message may be directed to PPC Customer Care at:



(866) 772-8724/(785) 339-2200



<http://www.uscg.mil/ppc/ccb/> (Online Trouble Ticket/Inquiry Form)



PPC-DG-CustomerCare@uscg.mil (E-Mail)

Members may contact the Kentucky Department of Revenue, Taxpayer Assistance Section at (502) 564-4581 if they have questions about the new exemption.

Released by

Internet release authorized.

/s/

J. D. PHILLIPS, CAPT, USCG
Commanding Officer