



## Schedule H Direct Shipper's Annual Liquor Tax Report Electronic Filing Instructions

North Dakota Century Code (N.D.C.C.) § 5-01-16 states that direct shipping, transporting, and delivery of alcoholic beverages direct to consumers in North Dakota is illegal unless you are a licensed retailer or manufacturer in your state of domain and obtain a North Dakota (1) direct shipper license and (2) a sales and use tax permit.

Direct Shippers must apply for and obtain a license **before shipping**. When direct shipping alcohol to North Dakota, all direct shippers must be licensed in North Dakota and must only involve North Dakota licensed Logistics Shippers and North Dakota licensed Alcohol Carriers as stated under N.D.C.C. § 5-01-16. N.D.C.C. § 5-01-16.3 penalties apply for unlicensed persons shipping, causing to be shipped, or transporting alcoholic beverages to North Dakota consumers.

This Schedule H is to be used by licensed direct shippers for liquor, including wine; Schedule G is to be used by direct shippers for beer.

### Direct Shipper License and Reporting Requirements

N.D.C.C. § 5-01-16 states that a **retailer or manufacturer** may ship alcoholic beverages directly to consumers in North Dakota once they obtain a Direct Shipper license. The license is valid for one calendar year and costs \$50.00 per year.

Direct shipper must file an annual tax report with the North Dakota Office of State Tax Commissioner and make payment based on the total gallons shipped or caused to be shipped to North Dakota consumers from each licensed location. The Office of State Tax Commissioner has designated Schedule H as the direct shipper's annual tax report form to be used for reporting and paying tax on liquor, including wine. *Note that direct shippers should use Schedule G when reporting and paying tax on beer.*

**Due Date:** The Direct Shipper liquor tax report, Schedule H, is an annual report and is due on or before **January 15** of the year following the year of sale. When the 15th day of January falls on a Saturday, Sunday, or legal holiday, the due date is the first working day thereafter.

**Schedule H is to be filed electronically** using the following instructions and, on the form, prescribed by the Office of State Tax Commissioner. Amended reports must also be filed electronically. Reports are **not required** if no sales were made. Filing a zero report when sales were made will not satisfy the filing requirement and penalties will apply.

N.D.C.C. § 5-03-06 also applies for any taxes imposed by this chapter. Failure to **file** the reports, when required, must be assessed a penalty of **\$100 per day** for each day such reports are delinquent. If there is failure to **pay** such tax on the date payment is due, there must be added to the tax a penalty of 5% of the total amount of the tax or \$5.00, whichever is greater, plus interest of 1% of the tax per month or fraction of a month of delay, except the month the return or tax becomes due.

## Sales and Use Tax Permit and Reporting Requirements

Direct Shippers must also have a Sales and Use Tax permit and remit state and local tax using the forms prescribed by the Office of State Tax Commissioner. The electronic Sales and Use tax permit application can be found at [www.tax.nd.gov/apply](http://www.tax.nd.gov/apply). The Sales and Use tax return is **required** even if no sales were made. Original and amended Sales and Use tax returns can also be filed electronically.

### For purposes of this report, the following definitions apply:

“**Direct Shipper**” means a person that is licensed by the Tax Commissioner and ships or causes to be shipped alcoholic beverages directly into this state to a consumer for the consumer’s personal use and not for resale.

“**Licensed Alcohol Carrier**” means a person licensed to transport or deliver alcoholic beverages to a consumer without first having an alcoholic beverage delivered through a wholesaler licensed in this state.

“**Licensed Logistics Shipper**” means a person that provides fulfillment house services, including warehousing, packaging, distributing, order processing, or shipment of alcoholic beverages on behalf of a licensed direct shipper and by way of a licensed alcohol carrier.

“**Liquor**” means any alcoholic beverage except beer.

“**Alcohol**” means neutral spirits distilled at or above 190 degrees proof, whether or not such product is subsequently reduced for nonindustrial use.

“**Distilled Spirits**” means any alcoholic beverage that is not beer, wine, sparkling wine, or alcohol.

“**Sparkling Wine or Champagne**” means wine made effervescent with carbon dioxide.

“**Wine**” means the alcoholic beverage obtained by fermentation of agricultural products containing natural or added sugar or such beverage fortified with brandy and containing not more than 24 percent alcohol by volume.

“**Gallon**” means U.S. wine gallon equal to 128 ounces.

## Schedule H Filing Instructions

- Use the Schedule H report form designated for electronic filing.
- Each year begin with a new (blank) Schedule H report form.
- Only report invoices or transactions for the current reporting year on the original return; if you have invoices or transactions from a previous period that were not reported, or were reported in error, see amended return reporting instructions for correct reporting procedures – do not include these prior period entries on your current report.
- Calculation formulas have been provided in highlighted fields and these fields are protected.

### Schedule H Coversheet

1. **Report Period:** Enter the calendar year covered on the report in the YYYY format (i.e., 2022).
2. **Original or Amended Return:** Enter “**O**” for original return or an “**A**” for amended return.

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3. **Direct Shipper Name:** Enter the name you have on your North Dakota Direct Shipper License.
4. **Direct Shipper FEIN:** Enter your company assigned nine-digit Federal Identification Number.
5. **North Dakota Direct Shipper’s License Number:** Enter your five-digit North Dakota Direct Shipper license number which is in the 90000 series.
6. **Direct Shipper’s Address, City, State, and Zip Code:** Enter the direct shipper’s **mailing** address using the U.S. Postal Code formatting. If this mailing address is different from the mailing address on file, this address will replace the prior mailing address, causing an update to your account.
7. **Direct Shipper Contact Person’s Phone Number:** Enter the 10-digit phone number of the contact person.
8. **Direct Shipper Contact Person’s Email Address:** Enter the contact person’s email address.

### Go to Schedule H Worksheet of Liquor Shipments

- The first four information fields will fill in automatically pulling the information entered on the Schedule H Coversheet.
- Do not leave any field blank when completing Column A through Column I of this report.
- All license numbers are listed in our lookup tool which can be found at **[www.tax.nd.gov/AlcoholLookup](http://www.tax.nd.gov/AlcoholLookup)**.
- If you need help converting total invoiced products, by category, to gallons rounded to two decimal places, a conversion chart is available at **[www.tax.nd.gov/AlcoholTax](http://www.tax.nd.gov/AlcoholTax)**, select “Liquor & Beer Package Conversion to Gallons Chart.”
- Begin on the first blank row under Column A of this worksheet and enter the following information for each shipment:
  - Column A:** Enter the Alcohol Carrier’s license number, it is a five-digit number in the 60000 series.
  - Column B:** Enter the licensed Alcohol Carrier’s name.
  - Column C:** Enter the Logistic Shipper license number if you did not send this shipment directly from your premises. It is a five-digit number in the 40000 series. If no licensed Logistics Shipper was used, enter an “X.” **DO NOT LEAVE THIS FIELD BLANK.**
  - Column D:** Enter the Logistics Shipper name pertaining to the license number entered in Column C. If no licensed Logistics Shipper was used, enter an “X.” **DO NOT LEAVE THIS FIELD BLANK.**
  - Column E:** Enter the recipient’s invoice date using the correct format, i.e., mm/dd/yyyy.
  - Column F:** Enter the recipient’s invoice number.
  - Column G:** Enter the North Dakota recipient’s name.
  - Column H:** Enter the North Dakota recipient’s address – enter street or shipping address.
  - Column I:** Enter the North Dakota recipient’s city name.
  - Column J:** Enter the total gallons of distilled spirits that shipped under this invoice rounded to two decimal places.
  - Column K:** Enter the total gallons of sparkling wine or champagne that shipped under this invoice rounded to two decimal places.
  - Column L:** Enter the total gallons of wine 17% to 24% alcohol by volume that shipped under this invoice rounded to two decimal places.
  - Column M:** Enter the total gallons of wine under 17% alcohol by volume that shipped under this invoice rounded to two decimal places.
  - Column N:** Enter the total gallons of alcohol > 190 proof that shipped under this invoice rounded to two decimal places.

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Blocks A – E on this worksheet sum the grand total volume in gallons, by category, rounded to two decimal places. These amounts will automatically carry to the Schedule H Coversheet on line 1 from Block A, line 3 from Block B, line 5 from Block C, line 7 from Block D, and line 9 from Block E and are used to compute the tax due.

### **Return to the Schedule H Coversheet and complete the report beginning with line 12.**

**Lines 1 through 11 automatically fill in based on information entered on the corresponding worksheet.**

#### **Review for accuracy:**

- Line 1: Shows the total sales gallons from distilled spirits, rounded to two decimal places, carried from Block A on the worksheet.
- Line 2: Calculates tax due for distilled spirits sales, line 1 times \$2.50.
- Line 3: Shows total sales gallons from sparkling wine or champagne, rounded to two decimal places, carried from Block B on the worksheet.
- Line 4: Calculates tax due for sparkling wine or champagne sales, line 3 times \$.50.
- Line 5: Shows the total sales gallons from wine 17% - 24%, rounded to two decimal places, carried from Block C on the worksheet.
- Line 6: Calculates tax due for wine 17% - 24% sales, line 5 times \$.60.
- Line 7: Shows the total sales gallons from wine <17%, rounded to two decimal places, carried from Block D on the worksheet.
- Line 8: Calculates tax due for wine <17% sales, line 7 times \$.50.
- Line 9: Shows the total sales gallons for alcohol >190 proof, rounded to two decimal places, carried from Block E on the worksheet.
- Line 10: Calculates total tax due for alcohol sales, line 9 times \$4.05.
- Line 11: Calculates total alcohol tax due, sum of lines 2, 4, 6, 8, and 10.

#### **Begin Here:**

- Line 12: **If filing an amended return**, enter previously paid tax from previously filed return for this reporting period.
- Line 13: Calculates total tax due with this report, line 11 minus line 12.
- Line 14: Enter penalty on late or amended returns if applicable (5% of tax due from line 13 or \$5.00, whichever is greater). For late returns, also calculate the failure to file penalty of **\$100 per day** late beginning with the day following the due date and include that amount.
- Line 15: Enter interest on late or amended returns if applicable (1% of tax due per month except for month after the report or tax becomes due).
- Line 16: Calculates total tax, penalty, and interest due, sum of lines 13, 14, and 15.
- Line 17: Enter total amount remitted with this return. This will be the amount you want drawn from your account. See payment instructions below.

**Zero reports are not required to be filed.**

## Electronically File Report

Completed reports are to be filed electronically as required under N.D.C.C. §§ 5-01 and 5-03 at [www.tax.nd.gov/tap](http://www.tax.nd.gov/tap). Be sure you are submitting the report in the Excel .xlsx format prescribed by the Office of State Tax Commissioner.

New users will need to register for ND TAP access at [www.tax.nd.gov/tap](http://www.tax.nd.gov/tap). Please follow these steps to create your ND TAP account:

- Sign Up for Access
  - o Create an ND TAP logon and password. An authorization code will be either mailed or emailed to you or the business depending on the access level chosen.
- Log in to ND TAP
  - o Once you receive your authorization code you may log in to ND TAP. The authorization code is only used the very first time you log in to ND TAP. You may discard the code after successfully logging into the system.
- Add access to account(s)
  - o Once a user is logged in, he/she can request access to an account by selecting “Add / Grant Access” then “Add Access to Another Account” and enter the following information about the taxpayer and account:
    - Entity Type (Corporation, Sole Proprietor, etc.)
    - Identification Number (FEIN or SSN)
    - Type of Account (Liquor Tax)
    - Account Number
    - Letter ID (from a recent letter issued on the account). The ND TAP authorization code letter will not work for this step; it must be a letter specific to your liquor tax account.

## Payment Instructions

Make sure you have entered the amount in line 17 from the Coversheet that you wish to pay.

If there is a balance due from a return that is being filed, you will be prompted to make a payment (either within the return itself or from the confirmation page).

If you want to make a payment separate from filing a return, click on the “Make a Payment” link on the corresponding account tile.

The following are the various payment methods accepted by the State of North Dakota:

- **ACH Debit** (most frequently used): An Electronic Payment authorizes the Office of State Tax Commissioner to debit a checking or savings account for a specific amount. It is free to use this payment type.
  - o If you have selected to pay by ACH Debit and have an ACH Debit block on your bank account, you must inform your financial institution of the Office of State Tax Commissioner’s Originator ID to avoid your payment being rejected. The Office of State Tax Commissioner’s number is 1450309764.
- **ACH Credit**: An ACH Credit is an electronic payment you initiate from your financial institution. Your financial institution may charge you a fee for using this payment type.

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- **Debit/Credit Card:** Pay with a Debit or Credit Card through Fidelity National Information Services (FIS), an authorized IRS payment processor.
  - o A non-refundable convenience fee is charged by FIS.
  - o Company ID for taxpayer to provide to their bank for those who have their account blocked is 0000079161.
- **Paper Check:** Mail a paper check to the Office of State Tax Commissioner using a payment voucher.
  - o The check and voucher must be postmarked by the due date of the return to be considered timely filed.
  - o Make sure your check and voucher are for the same total amount and that the voucher matches the amount of the payment you entered on the Coversheet, line 17.

### Amending Schedule H Reports

Amended reports will be necessary when a direct shipper fails to report correctly. To correct an original report, a **“total replacement”** amended report will have to be electronically submitted.

The taxpayer will enter an “A” for amended report instead of an “O” for original report on the Schedule H Coversheet. After completing the report as it should have been reported, enter the amount of “Tax Previously Paid” in line 12 so that line 13 reflects the tax due or overpaid amount as a result of the new information.

If the amount in line 13 shows additional tax due, calculate and enter the penalty due for late payment (5% of total tax due on line 11 or \$5.00, whichever is greater) on line 14 and enter interest for late payment, if applicable (1% of tax due per month except for month after the return or tax becomes due) on line 15. Line 16 automatically calculates the total tax, penalty, and interest due. Enter the amount of your payment on line 17. If an overpayment results from the amended report, zero should be entered on line 17 and a refund will be issued.

### Reminders

- North Dakota Direct Shippers are to include **all** liquor shipped during the reporting period.
- When completing the Schedule H Worksheet, do not leave blank rows between entries. All required fields must be completed for each entry (Column A through Column I). Reports cannot be processed if they contain blank rows, or empty fields in a row.
- For return/credit invoice, provide the same information as for sales invoice and enter volume as a credit (negative) amount.
- All liquor volumes are to be reported in gallons, rounded to two decimal places.
- Column N - the “Alcohol > 190 pf” column is not a total column for this page. Only enter product in this column that is classified as Alcohol over 190 proof. Report wine volumes in correct categories ‘wine 17-24%’ or ‘wine under 17%’ alcohol. Report ‘alcohol’ and ‘distilled spirits’ in correct categories.

#### Contacts:

Taxpayer Assistance: 701-328-2702  
Fax Number: 701-328-1950  
Email: [alcoholtax@nd.gov](mailto:alcoholtax@nd.gov)  
Website: [tax.nd.gov](http://tax.nd.gov)

#### Mailing Address:

Wholesale and Oil Taxes – Alcohol Section  
Office of State Tax Commissioner  
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