Schedule J – Domestic Distillery
Annual Liquor Tax Report
Filing Instructions

North Dakota Century Code (N.D.C.C.) § 5-01-19 provides that domestic distilleries producing no more than 12,000 gallons of spirits per year may sell and deliver spirits produced by the distillery direct to licensed retailers. Deliveries to retail locations using the distillery’s own vehicles are limited to 200 cases per calendar year (476 gallons) with each case no larger than 2.38 gallons. Deliveries to retail locations using an alcohol carrier (common carrier) are limited to three cases per day with each case no larger than 2.38 gallons, and the same 200 cases per calendar year limitation.

N.D.C.C. § 5-01-19 provides that a domestic distillery must obtain a North Dakota Domestic Distillery License, then report and pay alcohol and sales taxes on all spirits sold at retail by the licensee as set forth in N.D.C.C. § 5-03-07. The tax reports must be submitted on forms and in a format prescribed by the Office of the State Tax Commissioner. The Commissioner has designated “Schedule J” as the domestic distillery liquor tax form to be used for reporting and paying alcohol tax on spirits. Schedule J is an annual report that is due on or before January 15 of the year following the year that production or sales occurred. Schedule J is required to be filed electronically.

N.D.C.C. § 5-03-06 provides that for failure to pay alcohol 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 five dollars, 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; and failing to furnish reports when required must be assessed a penalty of one hundred dollars for each day such reports are delinquent.

Registration for Electronic Filing

Completed reports are to be filed electronically on Taxpayer Access Point (TAP) as required under North Dakota Century Code §5-01 and §5-03. Be sure you are submitting the report in the Excel .xls format prescribed by the Commissioner.

New users will need to register for TAP access at nd.gov/tax/tap. Please follow these steps to create your TAP account:

- Sign Up for Access
  - Create a 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 into TAP
  - Once you receive your authorization code you may log into TAP. The authorization code is only used the very first time you log into 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).
  o Your TAP authorization code letter will not work for this step; it must be a letter specific to your liquor tax account.

Reminders:
• Use the Schedule J report form designated for electronic filing.
• Each year begin with a new (blank) Schedule J report form.
• Do not edit any part of the Schedule J including headers, tab names, or add a space to an empty cell.
• Complete the Schedule J Worksheet 1 if any spirits manufactured are sold direct to North Dakota licensed retailers and delivered using the distillery’s own vehicles.
• Complete the Schedule J Worksheet 2 if any spirits manufactured are sold direct to North Dakota licensed retailers and delivered using an alcohol carrier (common carrier).
• The Schedule J Worksheets header information will automatically populate using the information entered on the top portion of the Schedule J Coversheet.
• Calculation formulas have been provided in highlighted fields of the Excel spreadsheet.
• Enter all spirits gallons rounded to two decimal places.

For purposes of this report, the following definitions apply:
• “Alcohol” means neutral spirits distilled at or above one hundred ninety degrees proof, whether or not such product is subsequently reduced, for nonindustrial use.
• “Distilled Spirits” means any alcoholic beverage that is not beer, wine, or sparkling wine, or alcohol.
• “Gallon” means U.S. spirits gallon equal to 128 ounces.

1. Complete the following information on the Schedule J Coversheet.
   • **Report Period:** Enter the reporting calendar year in the YYYYMM format (i.e., 2019).
   • **Original or Amended Return:** Enter “O” for original return or an “A” for amended return.
   • **Domestic Distillery’s Name:** Enter the company’s name as shown on the North Dakota Domestic Distillery License.
   • **Domestic Distillery’s FEIN:** Enter the company’s 9-digit Federal Employer Identification Number with no hyphens.
   • **Domestic Distillery’s FIVE DIGIT License Number:** Enter the company’s 5-digit North Dakota Domestic Distillery License Number.
   • **Address, City, State, and Zip Code:** Enter the company’s mailing address.
   • **Phone Number:** Enter the contact person’s phone number.
   • **E-mail Address:** Enter the contact person’s email address.
2. If you have sold spirits manufactured direct to a North Dakota licensed retailer and delivered them using the distillery’s own vehicles, complete the Schedule J Worksheet 1. If you have sold distilled spirits manufactured direct to a North Dakota licensed retailer and delivered them using an alcohol carrier (common carrier), complete the Schedule J Worksheet 2.

- **Column 1**: Enter the North Dakota Microbrew Pub 5-digit license number of the microbrew pub receiving the bulk transfer of manufactured beer.
- **Column 2**: Enter the invoice date in the mm/dd/yyyy format (i.e., 01/25/2013).
- **Column 3**: Enter the invoice number pertaining to the sale.
- **Column 4**: Enter the name of the North Dakota licensed retailer purchasing the product.
- **Column 5**: Enter the North Dakota licensed retailer’s street address.
- **Column 6**: Enter the North Dakota licensed retailer’s city.
- **Column 7**: Enter the distilled spirits gallons listed on the invoice. Round to two decimal places.

After the invoice information has been entered for all direct sales of distilled spirits to North Dakota licensed retailers, the total gallons will automatically calculate in Block A or Block B of the worksheets and will carry to line 13 and 14, respectively, on the Schedule J Coversheet.

3. Complete the Schedule J Coversheet.

- **Total Distilled Spirits Gallons Available**
  - **Line 1**: Enter the beginning distilled spirits inventory gallons for the reporting period. This would be the ending inventory reported on last year’s report.
  - **Line 2**: Enter the total gallons of distilled spirits produced during the reporting period which is ready for sale or use.
  - **Line 3**: Calculates total distilled spirits gallons available; line 1 plus line 2.

- **Non-Taxable Deductions**
  - **Line 4**: Enter the distilled spirits gallons of waste or other non-usable removal.
  - **Line 5**: Enter the distilled spirits gallons used for tastings or personal use.
  - **Line 6**: Enter the distilled spirits gallons sold returned to bulk.
  - **Line 7**: Enter the distilled spirits gallons sold to in-state wholesalers which were reported on your Schedule A supplier’s monthly reports for the periods included in this report’s filing period. The wholesaler pays the alcohol excise tax on any distilled spirits purchased when the wholesaler sells them.
  - **Line 8**: Enter the distilled spirits gallons direct shipped to out-of-state consumers or sold to out-of-state wholesalers and not taxable in North Dakota. **Reminder: you may be liable for tax in that state.**
  - **Line 9**: Calculates the total distilled spirits gallons available for sale less the non-taxable deductions; sum of lines 4, 5, 6, 7 and 8.

- **Taxable Sales**
  - **Line 10**: Enter the distilled spirits gallons sold and shipped direct to consumers located in North Dakota.
  - **Line 11**: Enter the distilled spirits gallons sold to consumers at the distillery location.
  - **Line 12**: Enter the distilled spirits gallons sold direct to consumers at licensed special events held in North Dakota.
  - **Line 13**: Carries the distilled spirits gallons sold direct to North Dakota retailers and delivered with the distillery’s own vehicles; Schedule J Worksheet 1, block A.
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- **Line 14:** Carries the distilled spirits gallons sold direct to North Dakota retailers and delivered using an alcohol carrier (common carrier); Schedule J Worksheet 2, block B.
- **Line 15:** Calculates the taxable distilled spirits gallons; sum of lines 10, 11, 12, 13 and 14.
- **Line 16:** Calculates the distilled spirits ending inventory gallons; line 3 less lines 9 and 15.

**Tax Calculation**
- **Line 17:** Calculates alcohol tax due, line 15 times $2.50 per gallon.
- **Line 18:** If filing an amended return, enter previous tax paid for the original return filed for this reporting period.
- **Line 19:** Calculates the total tax due for this report less any previous payments; line 17 less line 18.
- **Line 20:** If paying after the due date, enter a late payment penalty of $5.00, or 5% of the total tax due, whichever is greater. If filing the report late, enter a late filing penalty of $100.00 per day this report is filed after the due date.
- **Line 21:** Enter interest that has accrued if the report is being filed or paid after the due date. Interest accrues at a rate of 1% per month. Interest does not accrue during the first month a return is late.
- **Line 22:** Calculates the total tax, penalty, and interest due; sum of lines 19, 20, and 21.
- **Line 27:** Enter the total amount remitted with this report.

4. **Save the Schedule J Report in the Excel .xls format. This document will be uploaded into TAP.**

5. **Submit the Schedule J Report on TAP.**
   - Log on to TAP using your TAP logon and password.
   - Choose the account number for which the report needs to be submitted.
   - Choose the filing period for which the report needs to be submitted.
   - Click on the **File Now** link.
   - Complete the required information and submit the report.

6. **Make your Schedule J Report payment on TAP.**
   - Click on the Make A Payment link at the bottom of the TAP Confirmation Page.
   - Choose from the four payment options
     - **ACH Debit (Electronic Payment), most frequently used** - An ACH Debit authorizes the Office of State Tax Commissioner to debit a checking or savings account for a specified amount on a date you choose. There are no fees for using this payment type.
     - **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.
     - **Credit Card** - Pay with a credit card through Fidelity National Information Services (FIS), an authorized IRS payment processor. A non-refundable convenience fee of 2.49% is charged by FIS for using this payment type.
     - **Paper Check** - Mail a paper check to the Office of State Tax Commissioner using a payment voucher. The paper check and payment voucher must be postmarked by the US Postal Service by the due date to be considered timely.
Amending Schedule J Reports

Amended reports will be necessary when a Schedule J report was filed incorrectly. To correct an original report, a “total replacement” amended report must be electronically submitted.

1. Make the following changes on your Amended Schedule J Report:
   - Enter an “A” for amended report instead of an “O” for original report on the Schedule J Coversheet.
   - Update the Schedule J Worksheets 1 and 2 to what should have been reported.
   - Update the amounts on the Schedule J Coversheet to what should have been reported.
   - Enter the amount of tax previously paid in line 18 of the Schedule J Coversheet. Line 19 will then reflect the additional tax due or the overpayment amount as a result of the updated information. Previously paid tax on line 18 would be the tax paid with the original return for the reporting period.
   - If the amount on line 19 shows tax due, calculate and enter the penalty due on late returns (5% of total tax due on line 19 or $5.00, whichever is greater) on line 20 and enter interest on late returns if applicable (1% of tax due per month except for month after the return or tax becomes due) on line 21.
   - Line 22 automatically calculates the total tax, penalty and interest due.
   - Enter the amount of your additional payment on line 23. If an amended return results in an overpayment, enter zero on line 23 and a refund will be issued.

2. Save the Amended Schedule J Report in the Excel .xls format. This amended document will be uploaded into TAP.

3. Submit the Amended Schedule J Report on TAP.
   - Log on to TAP using your TAP logon and password.
   - Choose the account number for which the report needs to be submitted.
   - Choose the filing period for which the amended report needs to be submitted.
   - Choose the File, amend or print a return link under the I WANT TO section.
   - Complete the required information and submit the report.
   - Make your amended report payment through TAP, if additional payment is due.

If you have any questions regarding completing, submitting or paying your Schedule J – Domestic Distillery Annual Liquor Report, please contact our office.

Contacts:
Taxpayer Assistance: (701) 328-2702
FAX Number: (701) 328-0336
E-mail: alcoholtax@nd.gov
Website: www.nd.gov/tax

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