



Brian Kroshus, Tax Commissioner

## SCHEDULE J DOMESTIC DISTILLERY ANNUAL LIQUOR TAX REPORT ELECTRONIC FILING INSTRUCTIONS

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North Dakota Century Code (N.D.C.C.) § 5-01-19 provides that a domestic distillery must obtain a license and 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 North Dakota Office of State Tax Commissioner. The Office of State Tax 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 and is required to be filed electronically.

North Dakota Century Code § 5-01-19 provides 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.

North Dakota Century Code § 5-03-06 provides that for failure to pay such tax on the date payment is due, there must be added to the tax a penalty of five percent of the total amount of the tax or five dollars, whichever is greater, plus interest of one percent of the tax per month or fraction of a month of delay, except the month the return or tax becomes due. Failing to furnish reports when required must be assessed a penalty of 100 dollars for each day such reports are delinquent.

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

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, distilled spirits or sparkling distilled spirits, or alcohol.

Gallon means U.S. spirits gallon equal to 128 ounces.

### **Schedule J Electronic Filing Instructions**

- Use the Schedule J report form designated for electronic filing.
- Each year begin with a new ( blank) Schedule J 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 J Coversheet**

**Report Period:** Enter the reporting calendar year in the YYYYMM format (i.e., 2022).

**Original or Amended Return:** Enter "O" for original return or an "A" for amended return.

**Domestic Distillery's Name:** Enter the name on your North Dakota Domestic Distillery License.

**Domestic Distillery's FEIN:** Enter the company assigned nine-digit Federal Employer Identification Number.



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**North Dakota Domestic Distillery License Number:** Enter your five-digit North Dakota Domestic Distillery license number.

**Address, City, State, and Zip Code:** Enter the company's mailing address.

**Phone Number:** Enter the 10-digit phone number of the contact person.

**E-mail Address:** Enter the contact person's email address.

### Go to Schedule J Worksheet 1

**Worksheet 1 is used to report all sales delivered direct to retailers using the distillery's own vehicles.**

- The first four information fields will fill in automatically pulling the information entered on the Schedule J Coversheet.
- Do not leave any field blank when completing Column A through Column G of this report.

Begin on the first blank row under Column A of this worksheet and enter the following information for each shipment:

#### Column A:

Enter the complete North Dakota state retail license number issued by the North Dakota Office of Attorney General for the retail location covered by this invoice.

#### Column B:

Enter the invoice date in the mm/dd/yyyy format, i.e., 01/25/2022.

#### Column C:

Enter the invoice number pertaining to the sale.

#### Column D/E:

Enter the name of the North Dakota licensed retailer purchasing the product.

#### Column F:

Enter the licensed retailer's address. This is the address covered by the license number entered for this line and is also the address where delivery was made. Delivery to any other address for this retailer is not allowed.

#### Column G:

Enter the licensed retailer's city.

#### Column H:

Enter the total gallons of distilled spirits shipped under this invoice rounded to two decimal places.

Block A on this worksheet sums the grand total volume in gallons, rounded to two decimal places. This amount will automatically carry to the Schedule J Coversheet line 13 and is used to calculate the tax due.

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## Go to Schedule J Worksheet 2

Worksheet 2 is used to report all sales delivered direct to retailers using a licensed alcohol carrier (common carrier).

- The first four information fields will fill in automatically pulling the information entered on the Schedule J Coversheet.
- Do not leave any field blank when completing Column A through Column G of this report.

Begin on the first blank row under Column A of this worksheet and enter the following information for each shipment:

### Column A:

Enter the complete North Dakota state retail license number issued by the North Dakota Office of Attorney General for the retail location covered by this invoice.

### Column B:

Enter the invoice date in the mm/dd/yyyy format, i.e., 01/25/2022.

### Column C:

Enter the invoice number pertaining to the sale.

### Column D/E:

Enter the name of the North Dakota licensed retailer purchasing the product.

### Column F:

Enter the licensed retailer's address. This is the address covered by the license number entered for this line and is also the address where delivery was made. Delivery to any other address for this retailer is not allowed.

### Column G:

Enter the licensed retailer's city.

### Column H:

Enter the total gallons of distilled spirits shipped under this invoice rounded to two decimal places.

Block B on this worksheet sums the grand total volume in gallons, rounded to two decimal places. This amount will automatically carry to the Schedule J Coversheet line 14 and is used to calculate the tax due.

## Tribal Sales Schedule

### Column A:

Enter the schedule code that best describes the transaction, i.e., number 6, 7, or 8 as shown on the worksheet.

### Column B:

Enter the tribal code that matches the location/affiliation of the retailer, i.e., letter A represents sales to a retailer located within the boundaries of the MHA reservation (Mandan, Hidatsa, and Arikara Nation).

### Column D:

Enter the name of the retailer or direct ship customer to whom alcohol was sold.

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### Column E:

Enter the grand total of all sales for the reporting period to each individual retailer in gallons, rounded to two decimal places. Complete a separate line entry for each retailer to whom alcohol was sold. Do not leave blank rows.

### Return to the Schedule J Coversheet and complete the report beginning with line 1.

- 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 distilled spirits gallons produced during this reporting period, which is ready for sale or use.
- Line 3: Automatically calculates total distilled spirits gallons available (sum of lines 1 and 2).
- Line 4: Enter the total gallons of waste or other non-usable removal.
- Line 5: Enter the total gallons of distilled spirits used for tasting or for personal use.
- Line 6: Enter the total gallons of distilled spirits returned to bulk.
- Line 7: Enter the total gallonage of distilled spirits sold to in-state wholesalers that was reported on your Schedule A supplier's monthly reports for the periods covered by this report. The wholesaler pays the alcohol excise tax on any distilled spirits purchased when the wholesaler sells them.
- Line 8: Enter the total gallons of distilled spirits direct shipped to out-of-state consumers or sold to out-of-state wholesalers and not taxable in North Dakota. You may be liable for tax in that state.
- Line 9: Automatically calculates the total non-taxable gallons of distilled spirits deductions taken (sum of lines 4, 5, 6, 7, and 8).
- Line 10: Enter the total gallons of distilled spirits direct shipped to North Dakota recipients.
- Line 11: Enter the total gallons of distilled spirits sold to consumers from the distillery's location.
- Line 12: Enter the total gallons of distilled spirits sold at special events held in North Dakota.
- Line 13: Automatically carries the total distilled spirits gallons sold direct to North Dakota retailers using distillery owned vehicles for delivery, Worksheet 1, Block A.
- Line 14: Automatically carries the total distilled spirits gallons sold direct to North Dakota retailers using a licensed alcohol carrier for delivery, Worksheet 2, Block B.
- Line 15: Automatically calculates the gallons of total taxable sales (sum of lines 10, 11, 12, 13, and 14).
- Line 16: Automatically calculates the gallons of ending distilled spirits inventory (line 3 minus lines 9 and 15).
- Line 17: Automatically calculates tax due by multiplying the gallons in each category on line 15 times the tax rate as shown on the report.

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- Line 18: If filing an amended return, enter previously paid tax from original return for this reporting period.
- Line 19: Automatically calculates total tax due with this report (line 18 minus line 19).
- Line 20: Enter penalty on late or amended returns if applicable (5% of tax due on line 17 or \$5.00, whichever is greater plus \$100/day for each day the original report is overdue).
- Line 21: Enter interest on late or amended returns if applicable (1% of tax due per month except for month after the return or tax becomes due).
- Line 22: Automatically calculates the total tax, penalty, and interest due (sum of lines 19, 20, and 21).
- Line 23: Enter the total amount remitted with this report. This will be the amount you want withdrawn from your account for the reporting period.

### Electronically File Report

Completed reports are to be filed electronically as required under N.D.C.C. §§ 5-01 and 5-03 at North Dakota Taxpayer Access Point **tap.tax.nd.gov**. 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 **tap.tax.nd.gov**. 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 23 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.
- **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 23.

## Amending Schedule J Reports

Amended reports are necessary when a domestic distillery fails to report correctly. To correct an original report, a “total replacement” amended report must be electronically submitted.

The taxpayer will enter an “A” for amended report instead of “O” for original report on the Schedule J coversheet. After completing the report as it should have been reported, enter the amount of “Tax Previously Paid” in line 18 so that line 19 reflects the tax due or overpaid as a result of the new information. Previously paid tax entered on line 18 would be the tax paid with the original return for that period.



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If the amount in line 19 shows additional tax due, calculate and enter the penalty due for late payment (5% of the total tax due on line 17 or \$5.00, whichever is greater) on line 20 and enter interest for late payment if applicable (1% of tax due per month except for the 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 payment on line 23. If an overpayment results from the amended report, zero should be entered on line 23 and a refund will be issued.

### Reminders

- North Dakota Domestic Distilleries are to include all distilled spirits shipped during the reporting period.
- When completing the Schedule J Worksheets, do not leave blank rows between entries. All required fields must be completed for each entry (Column A through Column G). 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 distilled spirit volumes are to be reported in gallons, rounded to two decimal places.

### 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  
600 E. Boulevard Ave., Dept. 127  
Bismarck, ND 58505-0599