



Schedule N Out-of-State Winery Direct to Retailers Annual Liquor Tax Report Electronic Filing Instructions

Wineries shall obtain a license and report and pay alcohol taxes on all wine sold direct to retailer by the licensee as set forth in North Dakota Century Code (N.D.C.C.) § 5-03-07. The tax reports must be submitted on forms and in the format prescribed by the North Dakota Office of State Tax Commissioner. The Office of State Tax Commissioner has designated "Schedule N" as the winery liquor tax report form to be used for reporting and paying tax on wine sold direct to North Dakota retailers. Schedule N is an annual report that is due on or before **January 15** of the year following the year production or sales occurred and is required to be filed electronically. Zero reports are required even if no direct to retail sales were made.

N.D.C.C. § 5-01-20 states that wineries producing no more than 25,000 gallons of wine per year may sell and deliver wine produced by the winery direct to North Dakota licensed retailers. Deliveries to retail locations using the winery's own vehicles are limited to 4,500 cases per calendar year (10,710 gallons) with each case no larger than 2.38 gallons. Deliveries to retail locations using an alcohol carrier (common carrier) are limited to 3,500 cases per calendar year (8,330 gallons) with each case no larger than 2.38 gallons each. Retailers are not allowed to transport wine purchased directly from wineries.

N.D.C.C. § 5-03-06 provides that failure to pay such tax on the date payment is due adds 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:

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

"**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% alcohol by volume.

Schedule N Electronic Filing Instructions

- Use the Schedule N report form designated for electronic filing.
- Each month begin with a new (blank) Schedule N 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.
- Enter all wine gallons in the correct category rounded to two decimal places.
- Calculation formulas have been provided in highlighted fields and these fields are protected.

Schedule N Coversheet

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

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

Domestic Winery Name: Enter the name on your North Dakota Domestic Winery License.

Domestic Winery FEIN: Enter the company assigned nine-digit Federal Employer Identification Number.

North Dakota Domestic Winery License Number: Enter your five-digit North Dakota Domestic Winery license number. This number is in the 30000 series.

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

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

Email Address: Enter the contact person's email address.

Go to Schedule N Worksheet 1

This schedule should be completed to report all sales delivered direct to retailers using the winery's own vehicles.

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

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

Column A:

Enter the North Dakota Retailer's State Liquor license number of the retailer purchasing the manufactured wine. This information can be found on the North Dakota Attorney's General website at attorneygeneral.nd.gov/licensing-and-gaming/license-holders.

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 North Dakota licensed retailer's street address.

Column G:

Enter the North Dakota licensed retailer's city.

Column H:

Enter the total gallons of wine or champagne less than 17% alcohol by volume listed on the invoice, rounded to two decimal places.

Column I:

Enter the total gallons of wine 17% to 24% alcohol by volume listed on the invoice, rounded to two decimal places.

Blocks A and B 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 N Coversheet line 3 for each category and are used to calculate the tax due.

Go to Schedule N Worksheet 2

This schedule should be completed to report all sales delivered direct to retailers using an alcohol carrier for delivery.

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

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

Column A:

Enter the North Dakota Retailer's State Liquor license number of the retailer purchasing the manufactured wine. This information can be found on the Attorney's General website at attorneygeneral.nd.gov/licensing-and-gaming/license-holders.

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 North Dakota licensed retailer's street address.

Column G:

Enter the North Dakota licensed retailer's city.

Column H:

Enter the total gallons of wine or champagne less than 17% alcohol by volume listed on the invoice, rounded to two decimal places.

Column I:

Enter the total gallons of wine 17% to 24% alcohol by volume listed on the invoice, rounded to two decimal places.

Blocks C and D 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 N Coversheet line 4 for each category and are used to calculate the tax due.

Tribal Sales Schedule

Column A:

Enter the schedule code that best describes the transaction, i.e., number 4, 5, 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.

Columns E-F:

Enter the grand total of all sales to each individual retailer in gallons, rounded to two decimal places, in the appropriate category of wines <17%, wines >17%, etc. Complete a separate line entry for each retailer/customer sold to for the reporting period. Do not leave blank rows.

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

- Line 1:** Enter the total wine gallons produced during this reporting period. Upon completion of fermentation or removal from the fermenter, the volume of wine will be accurately determined, recorded, and reported as produced.
- Line 2:** Automatically calculates the total wine gallons produced from both categories reported on line 1.
- Line 3:** Automatically carries the total wine gallons sold direct to North Dakota retailers using winery owned vehicles for delivery, Worksheet 1, Block A and Block B.
- Line 4:** Automatically carries the total wine gallons sold direct to North Dakota retailers using Licensed Alcohol Carrier for delivery, Worksheet 2, Block C and Block D.
- Line 5:** Automatically calculates the gallons of total taxable sales (sum of lines 3 and 4).
- Line 6:** Automatically calculates tax due by multiplying the gallons in each category on line 15 times the tax rate as shown on the report.
- Line 7:** Automatically calculates total tax due by adding the tax calculated for each category on line 6.
- Line 8:** **If filing an amended return, enter** previously paid tax from previously filed return for this reporting period.
- Line 9:** Automatically calculates total tax due with this report (line 7 minus line 8).
- Line 10:** **Enter** penalty on late or amended returns if applicable (5% of tax due or \$5.00, whichever is greater; plus, add \$100/day for each day the original report was overdue).
- Line 11:** **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 12:** Automatically calculates the total tax, penalty, and interest due by adding lines 9, 10, and 11.
- Line 13:** **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 on North Dakota Taxpayer Access Point (ND TAP) - **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 **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 into 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 (Beer Tax)

- Account Number
- Letter ID (from a recent letter issued on the account). Your TAP authorization code letter will not work for this step; it must be a letter specific to your beer tax account.

Payment Instructions

Make sure you have entered the amount in line 13 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 13.

Amending Schedule N Reports

Amended reports are necessary when a winery 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 an “O” for original report on the Schedule N coversheet. After completing the report as it should have been reported, enter the amount of tax “previously paid” in line 8 so that line 9 reflects the tax due or overpaid as a result of the new information. Previously paid tax entered on line 8 is the tax paid with the original return for that period.

If the amount in line 9 shows tax due, calculate and enter the penalty due on late returns (5% of total tax due on line 9 or \$5.00, whichever is greater) on line 10 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 11. Line 12 automatically calculates the total tax, penalty, and interest due. **Enter** the amount of your payment on line 13. If an overpayment results from the amended report, zero should be entered on line 13 and a refund will be issued.

Reminders

- Out-of-State Wineries are to include all wine sold directly to retailers during the reporting period.
- When completing the Schedule N Worksheet, 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.
- The tax rate for wine or champagne under 17% is different than the tax rate for wine 17% to 24% alcohol by volume; these categories are reported separately.
- All wine volumes are to be reported in gallons, rounded to two decimal places.

Contacts:

Taxpayer Assistance: 701-328-2702
Fax Number: 701-328-1942
Email: alcoholtax@nd.gov
Website: tax.nd.gov

Mailing Address:

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