The North Dakota Office of State Tax Commissioner is responsible for the administration of North Dakota Century Code (N.D.C.C.) Title 5 laws relating to the licensing, taxation, and regulation of alcoholic beverage brewers and wholesalers in North Dakota. An alcohol direct shipper may apply for a North Dakota Alcoholic Beverage Direct Shipping License under N.D.C.C. § 5-01-16.

**Licensing**

The North Dakota Alcoholic Beverage Direct Shipping License is an annual license which allows the sale and shipment of alcohol directly to a consumer. The business must also be a licensed retailer and/or manufacturer in their home state.

The first step to becoming a licensed alcoholic beverage direct shipper is to obtain a Basic Permit under the Federal Alcohol Administration Act from the Alcohol and Tobacco Tax and Trade Bureau (TTB) at [www.ttb.gov/business-tools/qualify-with-ttb](http://www.ttb.gov/business-tools/qualify-with-ttb).

After the appropriate Federal Basic Permit is received, the business may apply for a North Dakota Alcoholic Beverage Direct Shipping License at [www.tax.nd.gov/AlcoholLicenseApplication](http://www.tax.nd.gov/AlcoholLicenseApplication). The following items must be submitted with the completed application:

- A copy of the federal basic permit issued by the TTB
- A copy of the permit issued by your state of residence
- A copy of the business’ organizational documents, i.e., articles of organization, LLC operating agreement, or partnership agreement
- $50.00 annual license fee
- A North Dakota Sales and Use Permit application or proof of application ([www.tax.nd.gov/apply](http://www.tax.nd.gov/apply)).
  - Once issued, the North Dakota sales and use permit does not expire. It stays active until closed by the domestic distillery or revoked by the Office of State Tax Commissioner.

In addition to the Federal Basic Permit, the North Dakota Alcoholic Beverage Direct Shipping License and the North Dakota Sales, Use, and Gross Receipts Tax Permit, an alcoholic beverage direct shipping must obtain a retail alcohol license to sell or dispense alcoholic beverages. Retail alcohol licenses are available from the North Dakota Attorney General, county, and city government agencies.

North Dakota Alcoholic Beverage Direct Shipping Licenses are annual licenses with a December 31 expiration date. The renewal process will be completed through the taxpayer’s North Dakota Taxpayer Access Point (ND TAP) account, with a notification being sent in November. License renewals must be submitted to the Office of State Tax Commissioner before December 1 for the licensed premises to maintain continuous operations.
A North Dakota Alcoholic Beverage Direct Shipping License may be suspended or revoked, or denied for renewal, for a violation of any applicable N.D.C.C. Title 5 provision if the licensee engages in any activity that does not comply with all statutes or regulations pertaining to direct shippers. A direct shipper is entitled to an administrative hearing before its license may be suspended, revoked, or denied for renewal.

OPERATING ACTIVITIES
North Dakota Alcoholic Beverage Direct Shippers are authorized to engage in the following activities as allowed by N.D.C.C. Title 5:

- Sell and ship no more than 7.13 gallons (27 liters) of wine, 288 fluid ounces (8,517.18 milliliters) of beer, or 2.38 gallons (9 liters) of any other alcoholic beverage per month to an individual for personal use and not resale.
- Ship directly to a residence in North Dakota using a licensed alcohol carrier.
- Label all containers shipped with the words “SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY”.

TAX REPORTING AND RECORD KEEPING

Wholesale Excise Tax - North Dakota alcoholic beverage direct shippers are subject to North Dakota wholesale excise tax. When a licensed North Dakota wholesaler purchases and sells alcoholic beverage products to retailers they will remit the wholesale excise tax imposed under N.D.C.C. § 5-03-07.

Sales, Use, and Gross Receipts Tax – An alcoholic beverage direct shipper selling additional items of tangible personal property, such as glasses, openers, carafes, literature, or other bar accessories, must collect state sales tax of 5% and local sales tax on these sales. Local gross receipts taxes and local sales taxes are calculated at the point of sale, which is the location where the purchaser consumes or takes possession of the goods.

An alcoholic beverage direct shipper that purchases equipment or other tangible personal property for storage, use, or consumption in North Dakota, from a seller that did not collect sales tax on the purchase, must remit state and local use tax on the retail selling price which includes delivery charges of the items.

Information on North Dakota local sales, use, gross receipts, and lodging taxes is available at www.tax.nd.gov/LocalTaxes.

Reporting Schedules and Returns – An alcoholic beverage direct shipper must complete and submit the following reporting forms to the Office of State Tax Commissioner. The Schedule G and Schedule H must be filed electronically through the ND TAP (www.tax.nd.gov/tap). These forms and instructions are available at www.tax.nd.gov/AlcoholTax.

Annual Reports - Schedule G: An annual report for any sales of beer a direct shipper makes to a North Dakota consumer. The Schedule G report due date is the January 15th of the year following the year of sales/production. Zero reports are not required for the Schedule G. This report is required to be filed electronically on ND TAP (www.tax.nd.gov/tap).
Annual Reports - Schedule H: An annual report for any sales of liquor a direct shipper makes to a North Dakota consumer. The Schedule H report due date is the January 15th of the year following the year of sales/production. Zero reports are not required for the Schedule B. This report is required to be filed electronically on ND TAP (www.tax.nd.gov/tap).

Form ST Sales, Use & Gross Receipts Tax Return: A periodic return to report state and local sales, use, and gross receipts tax. The periodic filing frequency is assigned at the time of registration. The due date is the last day of the month following the period end date. This form must be filed on ND TAP (www.tax.nd.gov/tap).

Record Keeping - An alcoholic beverage direct shipper must maintain detailed records for all sales to North Dakota consumers.

AUDIT
The Office of State Tax Commissioner may at any reasonable time make an examination of the books of an alcoholic beverage direct shipper to determine if it has fully complied with all statutes and rules pertaining to alcoholic beverage direct shippers.

CONTACT INFORMATION
For more information on North Dakota alcohol taxes, please visit Alcohol Tax at www.tax.nd.gov/AlcoholTax. If you have questions, please contact our office at alcoholtax@nd.gov or 701-328-2702.

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