



## NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER GUIDELINE - ALCOHOL TAX: ALCOHOL MANUFACTURING

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 alcohol manufacturers in North Dakota. An alcoholic beverage manufacturer located in North Dakota may apply for a North Dakota Alcoholic Beverage Manufacturing License under N.D.C.C. § 5-01-04. Depending on the activities of the business, the licensing requirements and permitted operations will differ.

The manufacturing of alcoholic beverages for personal or family use, and not for sale, is limited to quantities allowed by the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the United States Treasury Department. Production within these prescribed limits would not require any licensing.

### LICENSING

The North Dakota Alcoholic Beverage Manufacturing License is an annual license which allows for the manufacture and sale of alcoholic beverages in North Dakota and grants certain wholesale privileges. A business may establish a brewery, a winery or a distillery, for the distilling, manufacturing, or processing of alcohol in North Dakota under N.D.C.C. § 5-01-04.

The first step in becoming a licensed North Dakota alcoholic beverage manufacturer is to obtain a [Basic Permit under the Federal Alcohol Administration Act from the Alcohol and Tobacco Tax and Trade Bureau \(TTB\)](http://www.ttb.gov/business-tools/qualify-with-ttb) ([www.ttb.gov/business-tools/qualify-with-ttb](http://www.ttb.gov/business-tools/qualify-with-ttb)). After a Federal Basic Permit is received, the business may apply for a [North Dakota Alcoholic Beverage Manufacturing License](http://www.nd.gov/tax/alcoholtax/forms) ([www.nd.gov/tax/alcoholtax/forms](http://www.nd.gov/tax/alcoholtax/forms)). The following items must be submitted with the completed application:

- A copy of the federal basic permit issued by the TTB
- A blueprint or diagram of the premises to be licensed
- A copy of the business' organizational documents, i.e., articles of organization, LLC operating agreement, or partnership agreement
- \$500.00 annual license fee
- A North Dakota Sales, Use and Gross Receipts Tax Permit Application or proof of application ([www.nd.gov/tax/tap/application](http://www.nd.gov/tax/tap/application)).
  - o Once issued, the North Dakota sales, use, and gross receipts permit does not expire. It stays active until closed by the alcoholic beverage manufacturer or revoked by the Office of State Tax Commissioner.

North Dakota Alcoholic Beverage Manufacturer Licenses are annual licenses with a December 31st 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 1st for the licensed premises to maintain continuous operations.

A North Dakota Alcoholic Beverage Manufacturer 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 alcoholic beverage manufacturers. An alcoholic beverage manufacturer is entitled to an administrative hearing before its license may be suspended, revoked, or denied for renewal.

## OPERATING ACTIVITIES

North Dakota licensed alcoholic manufacturers may only engage in the following activities as allowed by N.D.C.C. Title 5:

- Produce alcoholic beverages. To qualify as an alcoholic beverage manufacturer, whether it is a winery, brewery, or distillery, may only sell to a licensed North Dakota wholesaler.
  - o No retail sales or special event participation are permitted.

## TAX REPORTING AND RECORD KEEPING

North Dakota Alcoholic Beverage Manufacturers are not subject to wholesale excise tax. For the purposes of reporting, a licensed manufacturer would be considered a supplier under N.D.C.C. § 5-01-01(17). North Dakota suppliers are required to file monthly reports documenting each invoice for product sold to licensed North Dakota wholesalers.

**Reporting Schedules and Returns** – An alcoholic beverage manufacturer must complete and submit the following reporting forms to the Office of State Tax Commissioner. The Schedule A and Schedule C Reports must be filed electronically through ND TAP ([www.nd.gov/tax/tap](http://www.nd.gov/tax/tap)). These forms and instructions are available at [www.nd.gov/tax/alcohol/efile](http://www.nd.gov/tax/alcohol/efile) and [www.nd.gov/tax/salesanduse/forms](http://www.nd.gov/tax/salesanduse/forms).

**Monthly Reports - Schedule A:** This is a monthly report for any sales of liquor to a North Dakota Wholesaler. The Schedule A report due date is the last day of the month following the month of sale. Zero reports are not required for the Schedule A. This report is required to be submitted electronically on ND TAP ([www.nd.gov/tax/tap](http://www.nd.gov/tax/tap)).

**Monthly Reports - Schedule C:** This is a monthly report for any sales of beer to a North Dakota Wholesaler. The Schedule C report due date is the last day of each month following the month of sale. Zero reports are not required for the Schedule C. This report is required to be submitted electronically on ND TAP ([www.nd.gov/tax/tap](http://www.nd.gov/tax/tap)).

**Record Keeping** - An alcoholic beverage manufacturer must maintain detailed records of purchases and sales.

## AUDIT

The Office of State Tax Commissioner may at any reasonable time make an examination of the books and premises of any alcoholic beverage manufacturer to determine if they have fully complied with all statutes and rules pertaining to alcoholic beverage manufacturers.

## CONTACT INFORMATION

For more information on North Dakota alcohol taxes, please visit [Alcohol Tax \(www.nd.gov/tax/user/businesses/formspublications/alcohol-tax\)](http://www.nd.gov/tax/user/businesses/formspublications/alcohol-tax). If you have questions, please contact our office at [alcoholtax@nd.gov](mailto:alcoholtax@nd.gov) or 701-328-2702.

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