

Schedule J – Domestic Distillery Annual Liquor Tax Report Electronic Filing Instructions

North Dakota Century Code (N.D.C.C.) § 5-01-19 provides that a domestic distillery shall obtain a license and report and pay the 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 the format prescribed by the Office of State Tax Commissioner. The Commissioner has designated “**Schedule J**” is the domestic distillery liquor tax report form to be used for reporting and paying tax on spirits. Schedule J 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.

N.D.C.C. § 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; and failing to furnish reports when required must be assessed a penalty of one hundred 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 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 US spirits gallon equal to 128 ounces.

Schedule J Filing Instructions

Report Period: Enter the reporting calendar year in the YYYY format (i.e., 2010).

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

Domestic Distillery Name: Enter the name you have on your N.D. Domestic Distillery License.

Domestic Distillery FEIN: Enter the company assigned 9 character Federal ID Number with no hyphens.

ND Domestic Distillery Permit #: Enter your 5 character N.D. Domestic Distillery License number.

Address, City, State, and Zip Code: Enter the Domestic Distillery mailing address using US Postal Code Formatting.

Phone Number: Enter the phone number of the contact person.

Email Address: Enter the contact person’s e-mail address.

► **Enter all spirits gallons rounded to two decimal places:**

► **Calculation Formulas have been provided in highlighted Fields of the Excel spreadsheet.**

Line 1: **Enter** the beginning spirits inventory gallons for the reporting period. This would be the ending inventory reported on your last report.

Line 2: **Enter** the total spirits gallons produced during this reporting period.

Line 3: Calculates the total spirits gallons available, Line 1 plus Line 2.

- Line 4: **Enter** the total gallons of waste or other non-usable removal.
- Line 5: **Enter** the total gallons of spirits used for tasting or for personal use.
- Line 6: **Enter** the total gallons of spirits returned to bulk.
- Line 7: **Enter** the total gallons of spirits sold to in-state wholesalers which would have been reported on your Schedule A supplier's monthly reports for the periods covered by this report. This spirits is taxed through the wholesaler.
- Line 8: **Enter** the total gallons of 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: Calculates the total gallons of spirits available for sale less non-taxable deductions, Line 3 minus Lines 4, 5, 6, 7, and 8.
- Line 10: **Enter** the total gallons of spirits sold and direct shipped to consumers which is taxable in North Dakota.
- Line 11: **Enter** the total gallons of spirits sold at retail in North Dakota during the reporting period. Do not include spirits direct shipped and entered in Line 10.
- Line 12: Calculates the gallons of total taxable sales, Line 10 plus Line 11.
- Line 13: Calculates the gallons of ending spirits inventory, Line 9 minus Line 12.
- Line 14: Calculates tax due by multiplying the gallonage in Line 12 times the tax rate shown on the report.
- Line 15: **If filing an amended return, enter** previously paid tax from previously filed return for this reporting period.
- Line 16: Calculates total tax due with this report, Line 14 minus Line 15.
- Line 17: **Enter** penalty on late or amended returns if applicable (5% of tax due or \$5.00, whichever is greater).
- Line 18: **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 19: Calculates total tax, penalty, and interest due, total of Lines 16, 17, and 18.
- Line 20: **Enter** the total amount remitted with this report. This will be the amount you want withdrawn from your account using ACH Debit or the amount of your check.

► Save a copy of the report in the Excel format for your records.

► Attach the completed Schedule J report in the Excel format to an e-mail, enter your 5 character domestic distillery license number in the subject line, and submit the e-mail to alcoholtax@nd.gov. Send only one Schedule J report per e-mail. Electronic reports must be submitted by the due date to be considered timely filed

► **Watch for an email reply** either (1) confirming receipt of the report which was able to be processed, OR (2) a reply informing you that your report was not correct and would not process. If you get an email stating that your report would not process, you must correct the reporting errors and resend the report until you get confirmation that it was acceptable and would process. Reports which are received but which cannot be processed are not considered filed and may cause failure to file penalties to occur if the report is not corrected on or before the due date.

Payment Instructions

● ACH Debit Payment Method:

An Automated Clearing House (ACH) Debit is a banking term for the electronic transfer of funds in which the state contacts its bank to initiate the transfer of funds from your bank account to the state's account. The state pays the transaction costs for ACH Debit. If you choose this payment option, you

will be able to file your report at any time on or before the due date and the payment amount indicated on your report will be requested from you bank on the due date. Original reports filed after the due date will have the ACH Debit transaction occur the next business day. ACH Debit will not be a payment option available for amended reports; a check with a payment voucher will be required for the additional amount due.

To register for ACH Debit, go to <http://www.nd.gov/tax/alcohol/electfiling/> and click on ACH Debit.

Note: Registration for ACH Debit must be complete on or before the day you submit your electronic return – see detailed instructions and limitations under ACH Debit.

● **Check Payment Method:**

A check for payment of an electronic report will require a voucher to insure that the payment can be properly matched to the appropriate report. You will be required to complete a “Liquor Check Payment Voucher”, tax type 95, for the Schedule J report you are paying and submit it with your check.

A copy of the check voucher for this report is also attached as an additional sheet on the Schedule J report form.

The check and voucher must be postmarked by the due date of the return to be considered timely filed.

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 report coversheet

Amending Schedule J Reports

Amended reports will be 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 an “O” for original report on the Schedule J coversheet. After completing the report as it should have been reported, the taxpayer will then enter the amount of tax “previously paid” in Line 15 so that Line 16 reflects the tax due or overpaid as a result of the new information. Previously paid tax entered on Line 15 would be the tax paid with the original return for that period.

If the amount in Line 16 shows tax due, calculate and enter the penalty due on late returns (5% of total tax due on line 16 or \$5.00, whichever is greater) on Line 17 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 18. Line 19 automatically calculates the total tax, penalty and interest due. **Enter** the amount of your payment on Line 20 - **payment would need to be made using a check and a voucher, ACH Debit is not available for amended reports.** If an overpayment results from the amended report, zero should be entered on Line 11 and a refund will be issued.

Contacts:

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

Mailing Address:

Sales & Special Tax Compliance Section
Office of State Tax Commissioner
600 E Boulevard Ave. Dept. 127
Bismarck, ND 58505-0599