



# Alcohol Tax Newsletter

News and developments

*A publication of the Alcoholic Beverages Section*

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## 2007 Legislative Update

### Definitions

Senate Bill 2135 provides definitions to assist in clarifying the volumes at which different tax rates apply. Because of the multiple container sizes available for the packaging and sale of beer there is confusion about the differential between bottle or can and bulk.

“Bottle or can” means any container, regardless of the material from which it is made, having a capacity less than a bulk container for use for the sale of malt beverages at

retail. “In bulk” means in containers having a capacity not less than one-sixth barrel for use for the sale of malt beverages at retail.

### Inside this issue:

- 2007 Legislative Update..... 1
  - Definitions.....1
  - Domestic Winery .....1
  - Supplier License .....1
  - Direct Shipping .....2
- Electronic Filing ..... 2
- Contact Information ..... 2

### Domestic Winery

SB 2135 adds language allowing a North Dakota domestic winery to direct ship wine to consumers inside or outside of North Dakota. A North Dakota domestic winery was previously prohibited from direct shipping to North Dakota consumers as compared to an out of state winery which was allowed to direct ship to a North Dakota consumer.

A domestic winery is required to file an annual report of all retail sales, to include direct shipments to consumers, by January fifteenth of the year following sales. For any month in which a domestic winery has made sales to a North Dakota wholesaler, a monthly tax report is due by the last day of the month following sales.

### Supplier License

SB 2135 provides that a licensed supplier that sells product to a North Dakota wholesaler is required to submit a report by the last day of the month following the month of sales. This subsection previously stated the due date was the thirtieth day of the month.

If a licensed supplier fails to comply with any provisions, rules, or regulations, the Tax Commissioner may begin the procedure for revoking the supplier’s license. When revoked, the Tax Commissioner may reinstate a supplier’s license for a fee of one hundred dollars.



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***It is very important that all reports are filed electronically and are filled out and submitted correctly or they will not process.***

## Direct Shipping

SB 2135 removes the reciprocal privilege for tax purposes with regard to direct shipments of wine for personal use. All manufacturers and retailers must obtain a North Dakota direct shipping permit, file annual tax reports, and pay sales and excise tax on all alcohol shipped to North Dakota consumers. 

## Electronic Filing

Our new program for processing electronic reports is near completion. It is very important that all reports are filed electronically and are filled out and submitted correctly or they will not process. Here are some tips to help you file your return correctly:

- Regularly use updated forms from our web page.
- Do not leave blank rows between entries.
- Never leave a blank field in any of the invoice information cells (this does not include the product volume cells).
- Always enter the report period date (yyyymm) and the transaction date (mm/dd/yyyy) in the correct format.
- Report the gallonage rounded to 2 decimal places.
- Enter your address, city, and state using the U.S. Postal Code format.
- Never change any part of the form including the tab labels or formula fields.
- Follow the instructions and use “99”, “9999” and “6666” codes correctly.
- Always contact our office for prior approval before taking deductions on your tax report. Deductions taken, but not verified and approved, will flag for audit. 

## Contact Information:

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