

Schedule B Wholesaler's Monthly Liquor Report Electronic Filing Instructions

Per North Dakota Century Code (N.D.C.C.) § 5-03-04, licensed North Dakota liquor wholesalers must file a tax report with the Office of State Tax Commissioner and make payment based on the total gallonage sold the preceding calendar month. The Office of State Tax Commissioner has designated "Schedule B" as the wholesaler's monthly tax report form to be used for reporting and paying tax on liquor. The Schedule B is a monthly report due on or before the 15th of the month following the month of sale, and is to be filed electronically using the following instructions and on the form prescribed by the Commissioner. The Schedule B report is required even if no sales were made.

N.D.C.C. § 5-03-06 also pertains to taxes imposed by this chapter. For wholesalers failing to pay such tax on or before the due date, 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 after the return or tax becomes due. For failure to file reports on or before the due date, wholesalers may be assessed a penalty of one hundred dollars for each day such reports are delinquent.

For purposes of this report, the following definition applies:

"Liquor" means any alcoholic beverage except beer.

"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, sparkling wine, or alcohol.

"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 twenty-four percent alcohol by volume.

Schedule B Filing Instructions

- ▶ **Use the Schedule B report form designated for electronic filing.**
- ▶ **Each month begin with a new (blank) Schedule B report form.**
- ▶ **Only report invoices or transactions for the current reporting month 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.**
- ▶ **Calculation formulas have been provided in highlighted fields.**

➡ **Begin with Schedule B Coversheet**

Report Period: Enter the calendar year and month covered by report in YYYYMM format (i.e., 201003).

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

FEIN: Enter your company assigned 9 character Federal ID number with *no hyphens*.

ND Wholesaler License #: Enter your 5 character N.D. Wholesaler Liquor License number.

Wholesaler Name: Enter the name you have on your N.D. Wholesaler’s Liquor License.

Address, City, State, and Zip Code: Enter the Wholesaler’s mailing address using US Postal Code format.

Phone Number: Enter the contact person’s phone number.

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

Stop here, you will return later to finish the coversheet.

➡ **Next, complete the Wholesaler’s Monthly Non-taxable Liquor Disbursements Schedule**

For each invoice or transaction, enter the following information:

- a. The code best describing the transaction, i.e. number 4, 5, 6, 7, 8, 9, or 10 as shown on the worksheet.
- b. The invoice or transaction date in the MM/DD/YYYY format, i.e. 02/20/2010.
- c. The invoice number, if applicable, or enter “99” **if no invoice number is involved in this entry.**
- d. N.D. License Number – if transaction involves a supplier, domestic winery, etc., enter their license number. Suppliers, domestic wineries and distilleries have been assigned a 5 digit license number beginning with zero, i.e., 01002 for suppliers, 07001 for domestic wineries and 07500 for domestic distilleries. North Dakota Liquor Wholesalers have a 5 digit license number, i.e., 00030. A list of the supplier, domestic wineries, domestic distilleries, and wholesaler license numbers are available on our web site at www.nd.gov/tax under “Alcohol/Forms”. If you have a purchase from an entity that is not listed with a license number, you must contact the Office of State Tax Commissioner for instructions. No further purchases are to be made from that entity until they obtain a license. For **one reporting month only**, you may enter this purchase under the number “6666” for that unlicensed entity so that the purchase can be reported. If no number is applicable to the transaction, enter “9999”.
- e. Enter the name of wholesaler, supplier, domestic winery, etc., or enter an explanation of the transaction if no entity is involved.
- f. Enter total transaction or invoiced products in gallons, rounded to 2 decimal places, in the appropriate category of spirits, wine, etc. Complete a separate entry for each transaction or invoice for the reporting period. Do not leave blank lines between rows and fill in fields 1 through 5 for each row.
- g. This worksheet computes the grand total volume in gallons, rounded to 2 decimal places, for the report period for each category. These totals are carried to the Liquor Inventory Reconciliation Schedule, and are used to reconcile the monthly inventory.

Be sure to enter the volumes in the correct category:

- **Report wine volumes in correct categories ‘wine 17-24%’ or ‘wine under 17%’ alcohol.**
- **Report ‘alcohol’ and “distilled spirits’ in correct categories.**
- **Always enter all volumes rounded to 2 decimal places.**

If you take deductions for liquor transferred to another state, you are required to send a copy of the report you filed with that state to our office on or before the due date of the return on which the deduction was taken.

➡ Next, complete the Wholesaler's Monthly Liquor Receipts Schedule

For each invoice or transaction, enter:

- a. The code best describing the transaction, i.e. number 1, 2, or 3 as shown on the worksheet. For purchases of liquor from another N.D. wholesaler, enter that invoice using code 3 and complete all required fields.
- b. The invoice or transaction date in the MM/DD/YYYY format, i.e. 02/20/2010.
- c. The invoice number, if applicable, or **enter "99" if no invoice number is involved in this entry.**
- d. N.D. License Number – if transaction involves a supplier, domestic winery, etc., enter their North Dakota 5 digit license number. A list of these numbers can be found on our web site at www.nd.gov/tax under "Alcohol/Forms". If no number is available, please contact our office for instructions. No further purchases are to be made from that entity until they obtain a license. For **one reporting month only**, you may enter this purchase under number "6666" for that unlicensed entity so that the purchase can be reported. If no number is applicable to transaction, enter "9999".
- e. Name of supplier, retailer, domestic winery, etc., or enter an explanation of the transaction if no entity is involved.
- f. Enter total transaction or invoiced products in gallons, rounded to 2 decimal places, in the appropriate category of spirits, wine, etc. Complete a separate entry for each transaction or invoice for the reporting period. Do not leave blank lines between rows and fill in fields 1 through 5 for each row.
- g. Worksheet computes the grand total volume in gallons, rounded to 2 decimal places, for the report period for each category. These totals are carried to the Wholesaler's Monthly Liquor Reconciliation Schedule, Line 2, and are used to reconcile the monthly inventory.

➡ Next, complete the Wholesaler's Monthly Liquor Inventory Reconciliation Schedule

Lines 2, 3, 4, 5, and 8 are automatically calculated based on information you enter in other areas.

- Line 1:** Enter Beginning Inventory: For each category, enter the inventory amount from line 8 of the prior month's Reconciliation Schedule in gallons, rounded to 2 decimal places. New wholesalers will enter zeros. When using this form for the first time, enter the gallons of product in inventory at the beginning of the period covered by this report.
- Line 2:** Liquor Received During the Reporting Period is carried from the Receipts Schedule.
- Line 3:** Calculates Total Merchandise Available for Sale, total of Lines 1 and 2.
- Line 4:** Non-taxable Liquor Disbursed During the Reporting Period is carried from the "Non-taxable Disbursements Schedule".
- Line 5:** Calculates Total Merchandise Available for Sale to Retailers, Line 3 minus Line 4.
- Line 6:** Enter Taxable Liquor Disbursed During the Reporting Period: Enter the amount for each category.
- Line 7:** Enter Taxable Liquor Returned from Retailers During the Reporting Period: Enter the amount for each category.
- Line 8:** Calculates Ending Inventory in Gallons, Line 5 minus Line 6 plus Line 7.
Use these totals as beginning inventory in the following month on Line 1.

➡ **Next, return to Schedule B Coversheet and complete report beginning with Line 12.**

Lines 1 through 11 are automatically filled in based on information entered on the corresponding worksheets.

- Line 1:** Total sales gallons for spirits, rounded to 2 decimal places, carried from Inventory Reconciliation Schedule.
- Line 2:** Calculates tax due for Line 1 spirits sales, Line 1 times \$2.50.
- Line 3:** Total sales gallons for sparkling wine or champagne, rounded to 2 decimal places, carried from Inventory Reconciliation Schedule.
- Line 4:** Calculates tax due for line 3 sparkling wine or champagne sales, Line 3 times \$.50.
- Line 5:** Total sales gallons for wine 17% - 24%, rounded to 2 decimal places, carried from Inventory Reconciliation Schedule.
- Line 6:** Calculates tax due for line 5 wine sales, Line 5 times \$.60.
- Line 7:** Total sales gallons for wine <17%, rounded to 2 decimal places, carried from Inventory Reconciliation Schedule.
- Line 8:** Calculates tax due for Line 7 wine sales, Line 7 times \$.50.
- Line 9:** Total sales gallons for alcohol, rounded to 2 decimal places, carried from Inventory Reconciliation Schedule.
- Line 10:** Calculates tax due for Line 9 wine sales, Line 9 times \$4.05.
- Line 11:** Calculates total tax due, sum of the liquor tax from Lines 2, 4, 6, 8, and 10.

➡ **Begin Here:**

- Line 12:** **If filing an amended return, enter** previously paid tax from previously filed return for this reporting period.
- Line 13:** Calculates total tax due with this report, Line 11 minus Line 12.
- Line 14:** **Enter** penalty on late or amended returns if applicable (5% of tax due or \$5.00, whichever is greater).
- Line 15:** **Enter** interest on late or amended returns if applicable (1% of tax due per month except for month after the report or tax becomes due).
- Line 16:** Calculates total tax, penalty, and interest due, sum of Lines 13, 14, and 15.
- Line 17:** **Enter** the total amount remitted with this report. This will be the amount you want drawn from your account using ACH Debit or the amount of your check and payment voucher.

Sales Between N.D. Wholesalers

If you purchase liquor from a supplier and resell the product to another N.D. wholesaler, report the purchase in the normal way on your receipts schedule and report the sale of the product to another in-state wholesaler on your disbursements schedule using code 4, liquor transferred to another in-state wholesaler.

If you purchase liquor from another in-state wholesaler, report the product in the normal way on your receipts schedule using code 3, other adjustments. This will allow the product to be added to your inventory without causing a compliance error when no supplier's "Schedule A" report can be matched to this transaction.

**The Schedule B report is to be filed electronically, do not mail this report.
Paper returns are not processed and are not considered filed.**

Electronically File Report

Save a copy of this month's report for your records.

Prepare an email to alcoholtax@nd.gov, enter your 5 digit wholesale license number in the subject line, and attach the completed Schedule B report. Be sure you are sending the report in the Excel format prescribed by the Commissioner.

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 your 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:

Make checks payable to Office of State Tax Commissioner. 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. **The Liquor Tax Payment Voucher can be found under Alcohol/Electronic Filing/Pay by Check.**

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

Wholesalers with both beer and liquor accounts can issue one check for the tax due for both tax types or for two accounts under one tax type; however, a payment voucher must be included for each report and for each tax type with the check, i.e., 1 check and 2 or more vouchers (beer vouchers are for tax type 94 and liquor vouchers are for tax type 95).

Make sure your check and voucher(s) are for the same total amount and that the each voucher matches the amount of the payment you entered on the report coversheet(s).

Amending Schedule B Reports

Amended reports will be necessary when a wholesaler fails to report correctly during any month. To correct an original report, a “**total replacement**” amended report will have to be electronically submitted.

The wholesaler will enter an “A” for amended report instead of an “O” for original report on the Schedule B coversheet. After completing the report as it should have been reported, enter the amount of tax “Previously Paid” in Line 12 so that Line 13 reflects the tax due or overpaid as a result of the new information. Previously paid tax entered on Line 12 would be the tax paid with the original return for that period.

If the amount in Line 13 shows tax due, calculate and enter the penalty due on late returns (5% of total tax due on line 13 or \$5.00, whichever is greater) on Line 14 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 15. Line 16 automatically calculates the total tax, penalty and interest due. **Enter** the amount of your payment on Line 17 - **a 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 17 and a refund will be issued.

●Schedule B Important Reminders●

- ▶ Wholesalers are to include **all** liquor purchased or shipped to the state of North Dakota and all sales or returns on the Schedule B report.
- ▶ All purchases and sales invoices being reported should **pertain to the reporting period**. **Amended Schedule B reports** should be filed when an invoice is missed or originally reported in error. See amended report instructions above for further instructions on submitting amended reports.
- ▶ When completing the Schedule B report, don't leave blank rows between entries. All required fields must be completed for each entry, i.e., on worksheets, always complete field 1 – 5 for each entry. Don't submit a Schedule B that is linked to another file on your computer. Files cannot be processed if they contain blank rows, links, or empty fields in a row.
- ▶ All liquor is to be reported in gallons rounded to two decimal places.
- ▶ **Supplier account numbers do change so please keep checking the list on our web site which is updated monthly.**
- ▶ Electronic copies of sales or purchase invoices are not to be included with the Schedule B electronic report and paper copies are not to be mailed to the Office of State Tax Commissioner; however, invoices must be made available upon request.

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