

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

industry, there might be an opportunity for a new accounting practice area.

Dave McClure • Nov. 25, 2014

Two years ago, in the wake of the election ballots legalizing recreational use of marijuana, I wrote a small blog post noting that as a new and rapidly-growing industry, there might be an opportunity for a new accounting practice area.

The response was immediate, if predictable. The editor replaced my official photo with a picture of Cheech Marin; I got invitations to speak at CPA conferences across the land; and two CPAs in Colorado anonymously sent me joints so I could, as one put it, “write more accurately about the subject.”

All this as two more states – Oregon and Alaska — and the District of Columbia joined the ranks of places where recreational use has become legal. The number of states with some form of legal use has grown to 26, including 19 that authorized medical use of marijuana. The federal government, while stopping short of legalizing the substance, nonetheless is seeking a way to generate tax revenue from it. And for the first time in 2014, a majority of 55 percent of Americans support legalization.

Even the Internal Revenue Service appears to be engaging in the topic. The 2014 [report](#) of the IRS Advisory Council, or IRSAC, contains a number of recommendations aimed at protecting accountants and tax preparers who represent marijuana businesses.

We've now had two years and another election to gauge the reality of legal marijuana sales, including the revenues generated and the situation with regard to taxation. It is fair to say that the news is neither as positive as initially predicted, nor as grim as some pundits proclaimed.

To begin with, it has been difficult to estimate tax revenues from an industry led by

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

But the social aspects are a part of the equation for accountants. It is reasonable to assume that someone is doing the accounting and tax work for the thousands of businesses that have cropped up to serve these new legal markets. It is also reasonable to assume that this practice area is not something the firm wants to put on its letterhead until the matter is a little better settled.

So now, two years later, the advice remains the same. This is a growth industry that isn't likely to go away, and will need accounting and tax services. Not to mention financial planning, partnership management, merger and acquisition support and the other services of a growth industry. Any firm that is not actively engaged in at least evaluating its potential may be missing the opportunity of the decade.

Accounting • Income Tax • Legislation

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved