

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

Breaking into the industry is not as easy as you may think. First of all you have to have some sort of angle. For instance, mine is that I have found a way around IRC §280e ...

Craig Smalley • Aug. 06, 2018



The first thing to realize is that cannabis is not a white collar business, contrary to popular belief. I got into cannabis because I am a small business owner, and have been for 24 years. I couldn't imagine not being able to deduct my legitimate expenses. That is what cannabis business owners face in each state. Cannabis is legal in 29 states and the District of Columbia. However, cannabis remains a Schedule I illegal drug to the Federal Government. It is important to realize that the term cannabis is the proper way to describe the merchandise sold. Cannabis entails products derived from a cannabis plant. That can include marijuana, or hemp.

Cannabis is a very close knit community where everyone seems to know everyone.

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

However, there are several Tax Court, and Appeals Court Cases that give you various tactics to get around this oppressive law.

In addition, for the most part, I act like a consultant. I have connections to get my clients banking. The myth is that cannabis businesses cannot be banked. However, in 2013 the [Cole Memo](#), was issued letting cannabis owners bank the monies they make from cannabis. Further, most cannabis companies have a hard time finding financing, and legal help. Being the answer to all of these problems, as well as providing a tax solution is the key to success in cannabis.

One issue that I have found that can be cumbersome is the menisci of state law. Each state has its own different rules regarding cannabis. For instance, one common tax strategy is to separate a cannabis business into two separate businesses. However, in states like Nevada, if you are a cannabis license holder you can only own your cannabis business and no other company. Therefore, a different strategy is needed for dispensaries, growers, and transport in that state. As a consequence, I try to stick to one state when it comes to cannabis.

Getting back to the first thing I mentioned about cannabis not being a white collar business, I present to you that even though cannabis is legal, in a lot of states like California, there is a huge black market of growers that are either too afraid to go legitimate or don't know the process. Bringing these companies into compliance is something that is not only a good idea to do, it can also be very profitable. Not to mention, if you are squeamish about working with people that have street smarts, then this business is not for you.

There can be a lot of money that can be made in this business, but you need to diversify yourself. For me, I am a consultant first with connections, and a tax person second. Further, there was a [memo issued by the AICPA](#), warning CPA's about the

possibility of them losing their license for working with cannabis clients. There has

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

your homework and know what you are doing.

Firm Management

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