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Act (MORE Act) passed the House of Representatives — this could lead to massive change for the cannabis industry in upcoming years.

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In December of 2020, the Marijuana Opportunity, Reinvestment, and Expungement Act (**MORE Act**) passed the House of Representatives — *this could lead to massive change for the cannabis industry in upcoming years.*

The Cannabis industry is now prepped to grow into an **84 billion dollar industry** by

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Change is coming.

In fact, the industry has already created over **321,000 full-time jobs** across the United States. Pharmaceutical companies, like **Jazz Pharmaceuticals**, are investing in cannabis for new drug and treatment development.

As the **federal reform** on cannabis proceeds, and national and international markets continue to grow, the reality is that you should be taking steps NOW to prepare your accounting practice for cannabis clients.

What Do Accounting Professionals Need to Know About The Different Types of Cannabusinesses?

Depending on the type of cannabusiness you serve, there may be different regulations.

These are the three main categories of businesses (you might serve a combination of them):

- Marijuana Cultivators, Farming, and Processing

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industry you want to serve, and be prepared for their unique needs.

Keep in mind that each business may apply for multiple licenses, meaning that you may have a grower who also manufactures and retails cannabinoid products. In such a case, it's wise to be prepared to serve a variety of cannabusinesses.

Additionally, even if you specialize in one particular type of cannabusiness, you should at least be peripherally aware of the others' needs.

Learning About Regulations and Compliance

It is becoming more obvious that the matter of lifting the Schedule I classification is a matter of when, not if. Here's what you need to know about the different types of cannabusinesses and their needs so that you can begin preparing to serve them.

Seed-to-Sale Regulations

Every state has its own seed-to-sale regulations and requirements for cannabusinesses that direct the tracking of cannabis plants from seed source, through planting, and all the way to harvesting and processing.

They also address manufacturing, testing, and packaging — and up to the wholesale purchase by dispensaries.

No matter what form the cannabis is sold in, every marijuana product must be readily traceable using specific software with extensive tracking and reporting capabilities.

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Similarly, each state has guidelines on how cannabis businesses track and manage sales. These help state and local governments in the areas of:

- Enforcing regulations
- Collecting taxes
- Verifying the quality of the product, and
- Preventing illegal practices from occurring.

Compliance

Accounting professionals, including CPAs and bookkeepers, must understand everything within the ever-changing cannabis market, including:

- Accounting and GAAP regulations
- Tax policy and code
- Cash management and traceability
- Banking scarcity

Currently, many cannabis transactions are cash-based transactions, which, on the outset is simple enough. However, if you plan to take on cannabis clients — either now or post-Schedule I — you'll want to have a system in place for staying up-to-date on changing industry regulations and overall best cannabis business practices.

It's important that you understand how to handle every penny your cannabis clients

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First, find out where cannabusinesses spend their time. If they're on social media, look around to see which platforms they use and make a plan to start reaching out to prospects that way.

Use word of mouth to your advantage. Start thinking about reaching out to existing clients to see if they have cannabis contacts, or find local in-person or online events you can attend.

Ultimately, cannabis clients aren't that different from your mainstream clients, and the way the world sees and uses cannabis is going to change drastically in the next few years as the industry catapults to the next level. So the question remains— *are you ready to take on cannabis clients, help them enhance their businesses, and change lives?*

Monique Swansen, founder and CEO of Automated Accounting Services and Accounting for Green outside of Boston helps visionary cannapreneurs automate and outsource their financial needs. She also consults with accounting businesses looking to move into the cannabis space. Learn more at accountingforgreen.com. IG [@afgcannabis](https://www.instagram.com/afgcannabis) Twitter [@AFGcannabis](https://twitter.com/AFGcannabis)

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