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together the common ones I hear so you can help prospective clients understand the ways accounting professionals can support their businesses.

Jun. 24, 2021



As a cannabis accountant, I talk with many new cannabis business owners who have worked extremely hard to get their license but then need lots of help with the actual running of their business.

If you're fielding calls from cannabis business owners, you may have discovered that they have a written business plan but don't always understand how to use it. Other times they're wading around in their finances without understanding how to

maximize their profit, pay appropriate taxes, and read what the numbers in their

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might need, remind them that they want to keep their money clean and focus on efficient scaling. To do so, they're going to need professional help from:

1. A consultant, who will fulfill their license requirements and increase their chances of getting approved to open a cannabis store ([Read more here](#)).
2. An attorney, who will assist them with compliance regulations and help in real estate, intellectual property, and trademark matters ([Read more here](#)).
3. A security company to protect their cash and inventory, which they will likely have to keep onsite.
4. A bookkeeper, accountant, and tax preparer to get insight into the most critical area of their business — the finances.

A lot of these roles intertwine. A consultant could come in the form of an attorney. An accountant can help with cash handling procedures that protect their bottom line.

Once you've shown them the landscape, it then becomes about what you can do to help them build a profitable business structure. What guidance can you offer for proper inventory systems? Also think about how crucial it is to use the right time-tracking software that differentiates between tax-deductible vs non tax-deductible tasks? There's lots to unscramble. Let's start with the essentials of tax law.

## The Taxes Your Cannabis Business Client Needs To Know About

Aside from federal taxation, there are three major tax types your cannabis client needs to be aware of. As you already know, these vary from state to state, and ultimately boil down to:

- **Sales taxes** — the regular taxes levied on retail goods.
- **State taxes** — *an additional* excise tax imposed on marijuana only that tends to run as high as 20-35%.

- **Recreational use taxes** — some states also tax recreational use marijuana. And

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cannabis and being safe and effective but is expected to in the near future.

- Good Manufacturing Practice (GMP) regulations, which is not yet uniformly applied due to the delay in FDA approval for cannabis products.

Your client does not want to deal with audit stress or compliance issues. And with your professional help, they won't have to, especially when the FDA and GMP regulators start weighing in to create — and impose — strict guidelines.

### **What It Means To “Have Their Books Done”**

*“Can you do my books for me?”* is something I hear a lot. After all, it's what cannabisbusiness think they need, even if they don't always know what that really means. This is where you come in to break it down.

You'll need to help them understand that “getting their books done” means more than reconciling every single transaction in their business — though that's a crucial part of it to ensure the business doesn't get shut down. It also goes beyond simply comparing income and expenses.

The services a cannabis seller needs depend largely on the type of business they own and how they operate it. Do they need set up, systems, or POS implementation? Some more services your cannabis client might need include:

1. Essential bookkeeping for establishing and maintaining compliant, clean books, plus providing monthly or quarterly financial statements and guidance on trends from month to month or quarter to quarter.
2. Controller or CFO services for in-depth guidance on improving your workflows, productivity, and profitability, plus oversight of your in-house finances and regular financial reviews.
3. Tax preparer services to ensure you're getting maximum tax benefits.

Remind your client how outsourced professional bookkeeping services will bring

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reconciliation, and helping with forecasting.

One of the biggest questions potential clients ask me is, “*What do your cannabis accounting services cost?*” It’s a good question, and the answer depends entirely on their business, its complexity, and their needs — usually some combination of one-time fees like file reviews or set ups, and ongoing bookkeeping or advisory services.

Professional accounting services are never a small investment, which can offer a sticker shock for your prospects, so your job is to show them why hiring an accounting professional is vital for protecting their profit and making sound decisions moving forward.

### **How You Can Help With Their Cannabis Business Plan**

Your client started with an expert business plan, but now it’s time to evaluate what they planned to happen, compare it with what really happened, and analyze why. Based on what they’ve learned in their business so far, what do they think will happen next?

So many times, people create a business plan to achieve licensure but don’t know how to work the plan when it finally comes time to open their doors.

### **Here’s what to tell your cannabis client:**

Marketing, operational, and financial strategies must translate into actionable tasks that a designated team can reasonably carry out with ease within a given period.

Together, we can determine whether your written strategies are usable or not. If your plans are leading you down the wrong path, we can design something new that will help you achieve your short and long-term financial goals.

### **Why You Need All This Information On A Potential Client’s Business**

Don't be surprised if a potential client shows resistance towards sharing details

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and show how you deal with sensitive topics and content.

## The Tide Is Turning

As an accounting professional, cannabis clients are likely still new to you. Heck, they're new to *most* businesses. They're fresh on the scene — which means your services, adapted for the cannabis industry, are also still budding.

You know what else is in it's fledgling stage? Banking for cannabis businesses. No longer will cannabusinesses have to jump through hoops and hurdles and pay crazy expensive fees to secure their money at a reliable financial institution.

The Secure and Fair Enforcement Banking Act (SAFE) [of 2021](#) has proven there's light at the end of the tunnel as banks will soon be able to service cannabis sellers without fear of federal-level repercussions.

Your client can soon say hello to affordable banking while you smile ahead at the new realm of possibility for their future.

## Final Thoughts

Let's run it back to the here and now. Cannabis businesses are regularly being audited by the IRS, and your role in their financial accounts can make all the difference in them being shut down, having to pay legal fees, or being allowed to continue running.

Don't be afraid to offer your client an audit at any point in their cannabis journey to ensure they're on the right track. They'll love you for keeping them out of trouble.

Remember, you are a cannabis client's secret ingredient to major gains. According to one estimate, US cannabis businesses could bring in a yearly profit of [\\$130 billion by 2024](#), which means both you and your client have a lot of earning potential.

It also means there'll be a lot of moving parts in the industry, and you'll need to help

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