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CANNABIS INDUSTRY

Cannabis is legal for medical use in 30 states across the country. It is also legal for adult-use in nine of those states and the District of Columbia. Since the revolution began, the accounting industry has evolved to support the growing number of entrepreneurs who are getting involved in this industry.

The intricacies of the industry make accounting and taxation particularly difficult. Commercial banks generally refuse to allow cannabis businesses to bank with them so the majority of transactions occur in cash. Internal controls and bookkeeping can be challenging. Additionally, the judicial history of IRC Section 280E and its conflict with modern tax principles, make calculation and implementation of an acceptable accounting method for tax difficult.

With expertise in the pharmaceutical, agricultural, healthcare, consumer products, financial services and technology sectors, we are well prepared to work with all types of companies which may work directly with or support the cannabis industry. With legislative change expected and with an evolving atmosphere surrounding cannabis, it is important for your business to be getting the right advice.

IMPORTANT AREAS IN WHICH WE CAN CONSULT:

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| <ul style="list-style-type: none"> ■ Implementation of 280E ■ Legislative and Judicial History of 280E ■ Structuring to Maximize Cash-flow Efficiencies of Cannabis Businesses ■ Calculation of Cost of Goods Sold for a Cannabis Business ■ Full Absorption vs. Uniform Capitalization Strategies ■ Allocation of Expenses between Activities | <ul style="list-style-type: none"> ■ Federal vs. State Income Tax Reporting ■ Sales Tax Reporting ■ Excise Tax Collection and Submission ■ Cash Reporting Under IRS Guidelines ■ Banking Relationships ■ Internal Controls (including Segregation of Duties) ■ Small Business Stock Qualifications |
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WE HAVE CLIENTS IN THE FOLLOWING AREAS:



CULTIVATION



MEDICAL
CANNABIS
DISPENSARIES



START-UP
BUSINESSES



PRIVATE
EQUITY



HEDGE
FUNDS



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK



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At Withum, our over 1,000+ accounting professionals are trained and willing to provide accounting and advisory services to this growing industry.

OUR INDUSTRY LEADING EXPERTISE HAS BEEN PUBLISHED IN:



ROI-NJ: Thought Leadership Series, Marc Silverman, “Growth of Cannabis Industry Means Accounting Firms Face Difficult Decision.” March 22, 2018

Society of Financial Service Professions – Financial Planning newsletter, Raymond Owens and Kevin Loiselle, “Tax Accounting and Investing for the Legal Marijuana Industry” June 2018

Forbes, Tony Nitti, “Ninth Circuit: Legal or Not, Marijuana Facility Cannot Deduct Its Expenses” July 10, 2015

Forbes, Tony Nitti, “Understanding the Impact of Legalized Recreational Marijuana on State Tax Revenue” September 24, 2013

Above all else, we help our clients position themselves for growth and success by utilizing our expertise and specified knowledge.



NEED MORE INFORMATION?

Contact us at (973) 532 8897 or visit withum.com to learn more.

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