

CPA Trendlines

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Cannabis: Top Trends to Watch in 2019

4 experts offer their insights.

By Liz Gold
CannaBizCPA.Pro

There's no denying it – cannabis is hot and more people (CPAs included) are jumping in to be part of the Green Rush.

November's midterm elections proved that people across the country are in support of legalizing cannabis – in some fashion – [bringing that number up to 33 states that have some measure of access to cannabis](#). According to [NORML](#), so far in 2019, there are nine states with pending legislation to legalize adult use cannabis – including Vermont, New Jersey, Illinois and Washington, D.C. Legalization for medical use is also under way for four states – South Carolina, Tennessee, Indiana and Texas.

In addition, a number of states, including Illinois, Michigan and New Hampshire, are looking to grant expungements to those with past marijuana convictions. These numbers are changing every day.

But what is ahead for the business side of the fast-moving industry? We asked a few cannabis CPAs what they see in store for cannabis businesses – and the accounting professionals who work with them.

[excerpt]



Gary B. Rosen, CPA, CFF, CFE, CVA, CGMA and partner with [Marcum LLP](#) in New York

Best practices he tells his clients: “There are two things that are extremely important for those clients in the cannabis industry. The first: It is critical to develop internal controls. The cannabis industry typically transacts most its sales in cash since many credit card companies and financial institutions are not servicing the industry. Therefore, it is imperative that an entity is able to account for all transactions from both the sales and the purchasing cycles.

“The second best practice is to maintain proper records for all aspects of the business. Currently cannabis is considered a Schedule I substance under the federal guidelines; as such cannabis companies are required to follow Section 280E of the Internal Revenue Code when reporting their revenues and expenses on their tax returns. This section of the code requires taxpayers to adhere to strict guidelines, which allow only limited deductions. There are various situations where proper tax planning can minimize taxes and provide clients with a potentially significant benefit.”

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