

Year-End Tax Planning Strategies Essential for Cannabis Businesses

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House Keeping Items

- All attendees will be able to ask questions throughout the presentation. The questions will be answered at the end of the webinar
- A recording of the webinar and PDF of slide show will be sent to all attendees and also be posted to www.bridgewestcpas.com/webinar

Thank you for attending!

The fall is a great time to get your cannabis company books in order

- It will save you time and money on your tax prep fees
- Allows for tax and profitability planning before year end

Dress rehearsal for closing your books monthly for September through December

- Books should be closed and ties monthly anyway
- Try to have tied out balance sheet and income statement by the middle of the following month

Balance sheet

Reconcile bank balance to bank statement

Calculate inventory

- Purchased inventory is carried at cost
- Self-grown inventory is harder to cost out
- Do you know your cost to grow a pound?
- Tie your physical inventory counts to METRC

i.e.. Cost of production / pounds produced = cost per pound

Property and Equipment

- Have large purchases been recorded?
- Dispositions recorded?
- Estimate annual depreciation expense

Other assets

- Are they being carried at the correct amounts?
- Analyze for possible write-offs

Liabilities

- Tie out to supporting documentation for correct balances
- Record interest expense on loans
- Sales tax and payroll liabilities should be equal to the next month's payments

Equity

- Balances should be equal to the prior years tax returns
- Retained earnings or partner capital accounts
- All prior year adjusting journal entries posted?

Income Statement

- Tie sales to YTD sales tax returns
- Wages should tie to 941s and State withholding reports
- Depreciation and interest expense posted correctly?
- Other balances look reasonable?

Tax planning-280E is still with us

- Can gross profit be improved
- Expenses should only be for growing, extracting, and selling cannabis
- What expenses can be reduced or eliminated?

471c update

Is it right for your business?

Thank You



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