



Wolters Kluwer

# Federal Taxation of Cannabis

## Course Instructions

Author: Greg White

Copyright © 2024 CCH CPELink



**NASBA - Sponsor number: 103021**

Wolters Kluwer, CCH is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of Accountancy have the final authority on the acceptance of individual course for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: [www.nasbaregistry.org](http://www.nasbaregistry.org).

## Instructions to Participants

To assist the participant with navigating the learning process through to successful completion, this course has been produced with the following elements:

**Overview of Topics / Table of Contents:** In this electronic format you'll find a slide menu on the left side of the screen. This serves as your overview of topics for the program. You may navigate to any topic by clicking on the slide name.

**Definition of Key Terms / Glossary:** You'll find key terms defined for this program in the course information on the following page(s).

**Index / Key Word Search:** You can find information quickly in the PDF materials (slide handout plus any additional handouts) by using the search function built into your Adobe Reader.

**Review Questions:** Questions that test your understanding of the material are placed throughout the course. You'll see explanatory feedback pop up for each incorrect answer, and reinforcement feedback for the correct answer for every review question.

**Final Exam:** The final exam measures if you have gained the knowledge, skills, or abilities outlined in the learning objectives. You may submit your final exam at the end of the course. Exams are graded instantly. A minimum score of 70% is required to receive the certificate of completion. **You have one year from date of purchase to complete the course.**

**Course Evaluation:** Once you have successfully passed your online exam, please complete our online course evaluation. Your feedback helps Wolters Kluwer maintain its high quality standards!

## About This Course

This section provides information that is important for understanding the course, such as course level and prerequisites. Please consider this information when filling out your evaluation after completing the course.

**Publication Date:** February 2024

### Course Description

**Per the IRS Education Provider Standards this course must be COMPLETED by 12/31/2026 to receive credits**

We'll cover up-to-date strategies available for cannabis businesses.

### Learning Objectives

Upon successful completion of this course, participants should be able to:

- Identify helpful strategies for cannabis retailers
- Recognize whether cannabis clients qualify for the 20% section 199A QBI deduction
- Identify inventory options available for cannabis businesses
- Identify current legislation that affects cannabis businesses
- Identify an example of a Category 1 cost that must be capitalized

### NASBA Field of Study

Taxes. Some state boards may count credits under different categories—check with your state board for more information.

### Course Level

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

### Prerequisites

None.

### Advance Preparation

None.

### Course Expiration

AICPA and NASBA Standards require all Self-Study courses to be completed and the final exam submitted within 1 year from the date of purchase as shown on your invoice. No extensions are allowed under AICPA/NASBA rules.

## Key Terms

- **16th Amendment:** An amendment to the Constitution that notes that Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.
- **Cannabis:** A tall plant with a stiff upright stem, divided serrated leaves, and glandular hairs that is used to produce hemp fiber and as a drug.
- **Full Absorption:** Refers to the process of allocating (absorbing) overhead into the cost of inventory.
- **(QBID):** Qualified Business Income Deduction - Provides for a qualified business income deduction of up to 20% of qualified business income, applied at the individual level, and subject to certain limitations.
- **Tax Cuts and Jobs Act:** A congressional revenue act originally introduced in Congress that amended the Internal Revenue Code of 1986. Major elements of the changes include reducing tax rates for businesses and individuals; a personal tax simplification by increasing the standard deduction and family tax credits but eliminating personal exemptions and making it less beneficial to itemize deductions.
- **Tax Shelter:** Any method of reducing taxable income resulting in a reduction of the payments to tax collecting entities, including state and federal governments.