

Tax & Cannabis Attorney Jennifer Benda - Full House of Reps votes to begin to legalize

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<http://theleafonline.com/c/politics/legislation/2020/12/house-vote-legalizes-2020/>

“The good news for the industry,” noted Jennifer Benda is a partner/shareholder at the national law firm Hall Estill in its Denver office, “is that by removing marijuana from the schedule of controlled substances, Section 280E of the Internal Revenue Code no longer burdens the industry. However, that provision, which disallows deductions for non-inventory expenses tax relief, is replaced with a national excise tax on marijuana.

“Given that state-legal marijuana sales are projected to reach \$20 billion in 2023, the cannabis excise tax should generate significant revenue for the government,” Benda added. “If the bill is not blocked by the Senate, the excise tax imposed will initially be based on a percentage of the actual sales price of a producer, i.e., the wholesale price, or if there is no wholesale price (e.g., an integrated producer/retailer business), a constructive sales price as determined by the Secretary of the Treasury.

“This regimen will be effective for the first five calendar years after the law is passed. This tax mimics the excise tax imposed by states such as Colorado. The tax rate will increase from five percent to eight percent during the first five calendar years. Beginning in year six, the tax will continue to carry the eight percent rate but will be based on THC levels in the product, if THC is determined to be measurable in such product, and the prevailing sales price of a gram of THC.”

Attorneys

- Jennifer E. Benda

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- Income Tax Planning & Controversy