A CLIENT CHECKLIST FROM

The Law Office of Jason Carr, PLLC

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Cannabis Tax Risk Checklist

01

Federal Classification

- [ ] Identify medical, adult-use, hemp, and non-cannabis activities.
- [ ] Confirm which products and licenses may fall within the 2026 Schedule III order.
- [ ] Document activities that may remain subject to Section 280E.
- [ ] Track new Treasury and IRS guidance.

02

Revenue and Cash

- [ ] Reconcile point-of-sale revenue to the general ledger.
- [ ] Reconcile seed-to-sale records to inventory and sales.
- [ ] Maintain daily cash logs.
- [ ] Document cash overages, shortages, and owner withdrawals.
- [ ] Review Form 8300 procedures and deadlines.

03

COGS

- [ ] Determine whether each operation is a reseller or producer.
- [ ] Document the inventory-accounting method.
- [ ] Tie inventory purchases to invoices and receiving records.
- [ ] Separate production costs from sales and administration.
- [ ] Retain workpapers supporting every allocation.

04

Mixed Operations

- [ ] Separate medical and adult-use revenue.
- [ ] Track inventory by channel.
- [ ] Document shared labor and overhead.
- [ ] Maintain job descriptions and time records.
- [ ] Confirm that separate businesses have real economic substance.

05

Tax Compliance

- [ ] Review estimated tax payments.
- [ ] Confirm payroll deposits and filings.
- [ ] Review state and local tax obligations.
- [ ] Confirm information-return compliance.
- [ ] Save proof of every tax payment.

06

Audit Readiness

- [ ] Retain licenses, contracts, returns, and financial statements.
- [ ] Preserve point-of-sale and seed-to-sale exports.
- [ ] Review prior-year 280E and COGS positions.
- [ ] Do not amend returns without a documented legal and tax analysis.
- [ ] Schedule a tax review before responding to an IRS notice.

Schedule a Cannabis Tax Review at carrtaxlaw.com.

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