

# BLUE BEAR BLUE RIBBON TIMES

A NEWSLETTER TO INFORM OUR CLIENTS ON THE CURRENT  
ISSUES AFFECTING THE TAX AND ACCOUNTING WORLD

## Death, Pot and Taxes:

Now legal in many states, it was probably inevitable that eventually marijuana would be taxed. It can be complicated though because of federal regulations vs state. So here are a few tips to help you navigate the challenging waters of owning a marijuana based business.



## Sales Tax Licenses:

In Colorado, marijuana retailers are required to have a sales tax license. If a business sells both medical and retail marijuana, the business must have a sales tax license for each type of marijuana, even if the medical and retail marijuana is sold at the same location. In addition, a business engaged in selling medical marijuana in Colorado is required to charge a state sales tax plus local sales taxes. For retail marijuana, the business is required to charge the state sales tax, a state marijuana sales tax, and any local sales taxes. The Colorado Department of Revenue has a helpful section on its website that provides answers to common questions regarding marijuana taxes in the state.

<https://www.colorado.gov/pacific/tax/marijuana-taxes-quick-answers>

Courtesy of FindLaw.com

## New W4 Form for 2020

We've had lots of questions regarding the new W4 Form for 2020. Visit <https://bit.ly/2uY63hZ> to see and download the new form. Here's a handy video tutorial to help you navigate filling out the form:  
<https://www.youtube.com/watch?v=PcmT56aKjC8>

### Federal vs State:

Technically, it's still illegal on the federal level to buy and sell marijuana for recreational purposes. This obviously provides challenges to legitimate business owners. You are required to pay income taxes and income from marijuana businesses IS STILL income. Because of the legal issue, business owners cannot claim normal business deductions or tax credits. There is precedent however for claiming the *Cost Of Goods Sold*, check with your tax advisor or accountant to determine what you can claim, and how to file properly. If they are not aware of the rules, make sure you discuss your business plan and finances with a reliable and experienced cannabis business attorney.

### Hemp vs Marijuana:

Hemp and Marijuana plants are related and have, in the past, been regulated almost exactly the same way - as a controlled substance. However, in 2018 Hemp was legalized nationwide for commercial/industrial purposes with the Hemp Farming Act. However, it is still a highly regulated product and cultivation requires a license. You will also need to consult an experienced tax advisor and attorney to learn all the regulations and tax expectations for a hemp based business.



## COLLEGE SAVINGS PLANS

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### Annual 529 plan contribution limits

College Savings 529 Plans do not technically have annual contribution limits. However, at a certain point they contributions no longer qualify for the annual tax exclusion. in 2019 the limit was raised to 15,000 per donor, per beneficiary. Contributions above \$15,000 must be reported on IRS Form 709 and counts

against the taxpayer's lifetime estate and gift tax exemption amount. There is an exception to this rule though, contributions over \$15,000 can be viewed as tax-free if treated as if it were being spread out over a 5 year period. So, a \$75,000 contribution would qualify if applied as \$15,000 per year. This can be a good estate planning tool for grandparents wanting to use this 5-year gift-tax averaging contribution.

Each state has its own aggregate limits for 529 Plan balances. This applies to the total balance of all plans for the same beneficiary over the life of the accounts. States vary because of the varying costs of 4-year colleges and graduate programs within each state.





## February Events To Enjoy In Colorado!

### Black History Month

Family Free Day: Celebrating Black History Month  
Sun Feb 23 , 2 p.m.  
Parker Arts Culture and Events Center  
Parker

Celebrating Black History Month in Film, Time TBA  
Sat Feb 29  
Black American West Museum & Heritage Center  
Denver

Denver Mardi Gras  
Sat Feb 22 - 6 PM  
EXDO, 1399 35th St  
Denver

Exonerated Central Park Five Event  
Sat Feb 22, 3 - 6 PM  
Colorado Convention Center  
Denver

2020 Colorado Garden & Home Show  
Sat Feb 22, 10 AM  
Colorado Convention Center  
Denver

Free Denver Museum of Nature & Science  
Sun Feb 23  
Denver Museum of Nature & Science,  
2001 Colorado Blvd  
Denver, CO

Rocky Mountain Antique Festival  
Sat Feb 29 - Sun Mar 1  
Arapahoe County Fairgrounds  
Aurora



### Winter Sports!

Attend a sporting event near you!

Denver Nuggets  
Colorado Avalanche  
Colorado Mammoth  
Denver Eagles  
Prep Football, Basketball, Volleyball  
Support Your Local Teams!  
Skiing, Snowboarding, and Winter Sports!

Visit a local ski resort and enjoy the powder, the views, or do some Nordic Skiing, Snowmobiling, Ice Skating or Snow Shoeing

Arapahoe Basin  
Aspen Highlands (Aspen)  
Aspen Mountain (Aspen)  
Beaver Creek  
Breckenridge  
Buttermilk (Aspen)  
Chapman Hill Ski Area  
Copper Mountain  
Cranor Ski Area  
Crested Butte  
Echo Mountain Park  
Eldora  
Hesperus Ski Area  
Howelsen Hill  
Kendall Mountain  
Keystone  
Lake City Ski Hill  
Lee's Hill  
Loveland Basin

Loveland Valley  
Monarch Mountain  
Powderhorn Resort  
Purgatory Resort  
Silverton Mountain  
Ski Cooper  
Ski Granby Ranch  
Snowmass (Aspen)  
Steamboat  
Sunlight  
Telluride  
Vail  
Winter Park/Mary Jane  
Wolf Creek