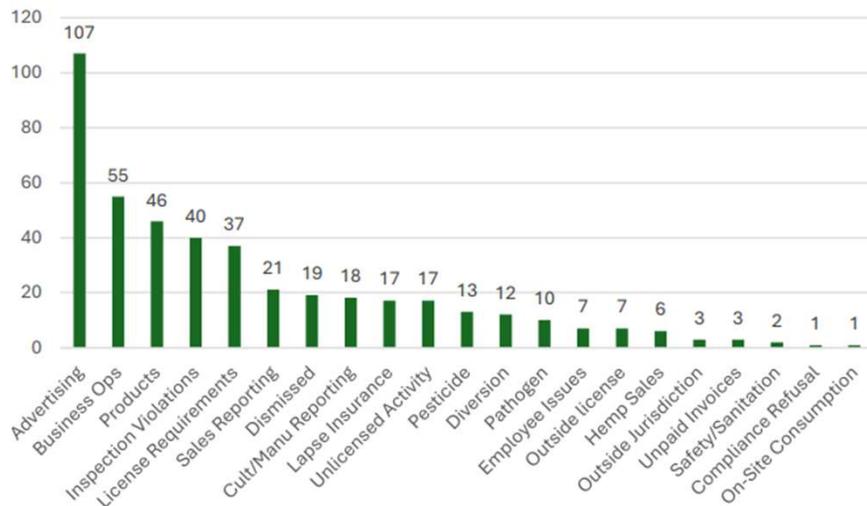


Advertising

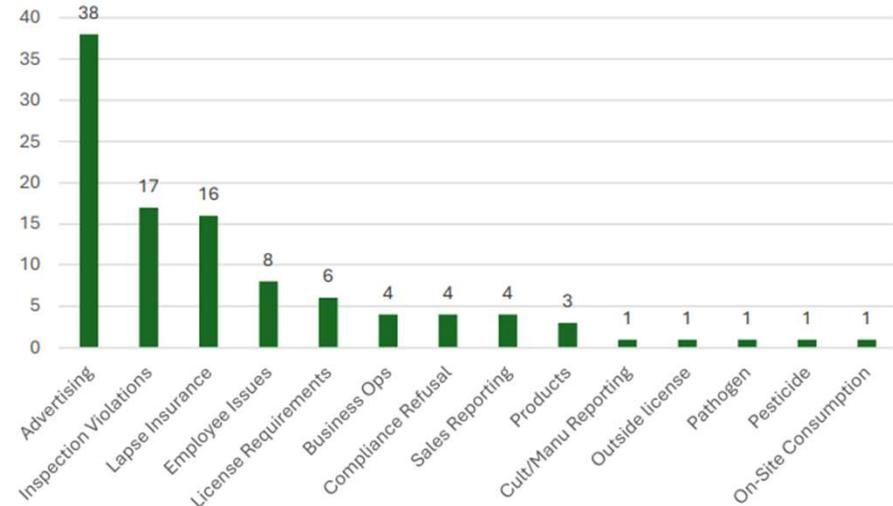


Compliance and Enforcement Data Complaints and Warnings

2025 Complaints (442)



2025 Letters of Warning (105)

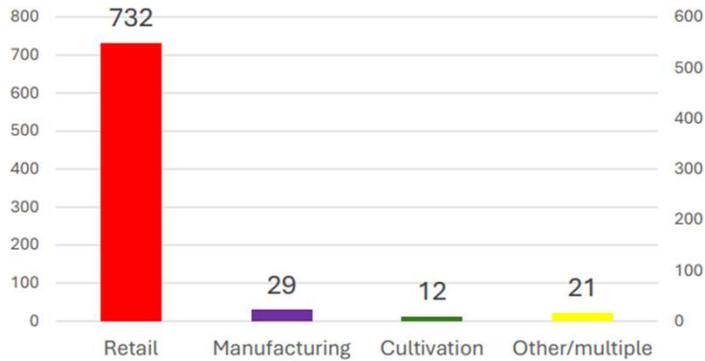


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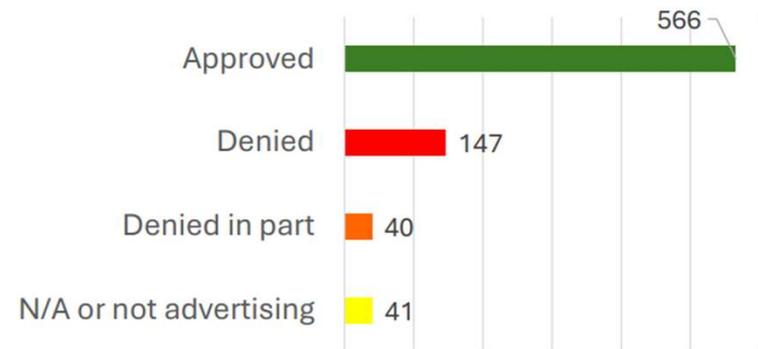


ADVERTISING

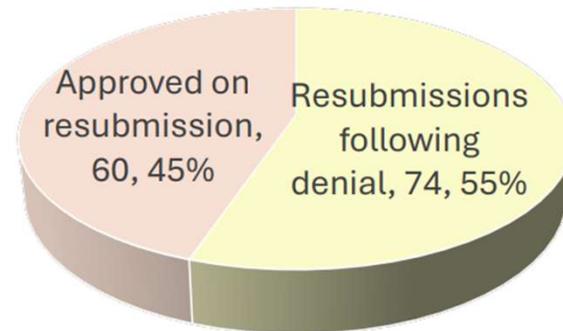
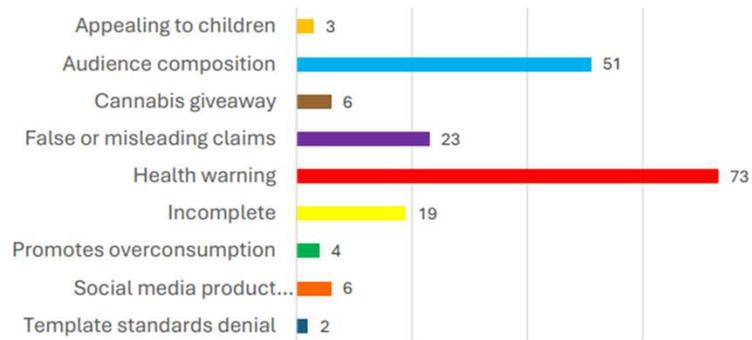
Advertising Submissions by License Type



Submission Status



Denial Reasons



IRS Code 280E

§280E. Expenditures in connection with the illegal sale of drugs

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of **schedule I and II of the Controlled Substances Act**) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

Added Pub. L. 97-248, title III, §351(a), Sept. 3, 1982, 96 Stat. 640

Source: <https://www.irs.gov/newsroom/irs-marijuana-remains-a-schedule-i-controlled-substance-internal-revenue-code-section-280e-still-applies>

280E Scenario Comparison

Non-Cannabis Business *		Cannabis Business	
Revenue	\$2,000,000	Revenue	\$2,000,000
COGS	<u>\$600,000</u>	COGS	<u>\$600,000</u>
Gross Profit	\$1,400,000	Gross Profit	<u>\$1,400,000</u>
Expenses:		Expenses:	
Salaries / Other	\$650,000	Salaries / Other	\$650,000
Insurance / Rent	<u>\$550,000</u>	Insurance / Rent	<u>\$550,000</u>
Total Expense	\$1,200,000	Total Expense	\$1,200,000
Income (a)	<u>\$200,000</u>	Income (a)	\$200,000
Taxable Income	<u>\$200,000</u>	Taxable Income	<u>\$1,400,000</u>
Tax at 21% (b)	<u>\$42,000</u>	Tax at 21% (b)	<u>\$294,000</u>
Net Income (a - b)	\$158,000	Net Income (a - b)	-\$94,000

Dept. of Tax Requests

Cannabis Medical Endorsement Information Sharing

Act 166 of 2024 created a new medical-use endorsement for cannabis retailers to sell cannabis tax free to medical patients and their caregivers. To better administer the Sales and Use Tax and Cannabis Excise Tax exemptions, the Department needs information about exempt sales, preferably transaction-level taxpayer details. The Cannabis Control Board (CCB) would also find information about sales valuable for enforcement purposes. More freely sharing these details would improve both administrators' compliance outcomes, but under current statute, the Department cannot share information with the CCB, even for their enforcement duties.

Remedy: Enact a new disclosure exemption from the tax confidentiality statute to allow the Department to share tax information relating to the cannabis retailer medical-use endorsement with the CCB for enforcement purposes.

Dept. of Tax Requests

Clarify “Outdoor” Cannabis Growers Who Qualify for Current Use and Sales Tax Exemptions

The retail cannabis law has been amended several times regarding cannabis cultivators’ eligibility for agricultural tax benefits, including Current Use and Sales Tax exemptions. The amendments have created a confusing and ambiguous statute. For a cannabis grower to qualify for agricultural tax benefits, they must “initiate” growing outdoors. It is unclear what “initiates” means and there hasn’t been a clear definition of “outdoors” until this year, when the CCB adopted rules distinguishing between “indoor” growing as using artificial lighting, and “outdoor” growing as not using artificial lighting.

Remedy: Clarify statute so that a cannabis cultivator must grow (not initiate growing) outdoors as defined by the CCB. Amend references to cannabis businesses’ Current Use and Sales Tax exemption eligibility.

Dept. of Tax Requests

Reduce Household Income for Cannabis Business Owners Who Claim a Property Tax Credit

Cannabis businesses cannot take the federal income tax deduction for cost of goods sold (COGS), unlike other businesses that don't sell a controlled substance. For Vermont personal and corporate income tax purposes, cannabis businesses can take the COGS deduction. However, when individual cannabis business owners claim a property tax credit, the COGS deduction is not allowed when determining their household income.

Equity concern: Cannabis business owners are treated differently than other business owners when calculating household income to determine property tax credit size and eligibility, resulting in smaller property tax credits for these individuals.

Remedy: The Department proposes reducing household income by the COGS deduction for individuals who own a cannabis business and claim a property tax credit. This would be a retroactive change impacting the household income filing process in 2026.

Fiscal impact: *De minimis* revenue loss to the Education Fund (\$30K) and to the General Fund (\$5K).