

Taxes a conundrum for pot industry

By Jack Healy, New York Times

DENVER – Money was pouring into Bruce Nassau’s five Colorado marijuana shops when his accountant called with the bad news: The 2014 tax season was approaching, and Mr. Nassau could not rely on the galaxy of deductions that other businesses use to reduce their tax bills. He was going to owe the Internal Revenue Service a small fortune.

“I had to write a check for \$275,000,” Mr. Nassau said. “Unbelievable.”

The country’s rapidly growing marijuana industry has a tax problem. Even as more states embrace legal marijuana, shops say they are being forced to pay crippling federal income taxes because of a decades-old law aimed at preventing drug dealers from claiming their smuggling costs and couriers as business expenses on their tax returns.

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