

# CAN I PREPARE THAT RETURN?: MISSOURI PROVIDES GUIDANCE FOR CPAS ON MARIJUANA-INDUSTRY CLIENTS

*Posted on July 25, 2019 by Michelle F. Schwerin*



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This week, the Missouri Board of Accountancy [released a comment concerning](#) Amendment 2 to the Missouri Constitution, approved by voters on November 6, 2018. Amendment 2, in general, [approves the use of medical marijuana](#) within the state.

As of June 2019, 11 states have completely legalized marijuana use, and 33 states have some version of legalized medical marijuana use. Under federal law, though, the possession, use and sale of marijuana all remain illegal. The [disparity between federal and state law](#) creates anxiety among professionals, including accountants, as to whether and how to provide services to business engaged in or related to the marijuana industry. The Missouri Board of Accountancy's comment, to some extent, alleviates stress for accountants.

The Board of Accountancy's brief comment states that, absent misconduct that would otherwise merit disciplinary action, the Board will not pursue disciplinary action against a CPA or firm offering and/or providing services to businesses in the medical marijuana industry.

In January 2015, the AICPA issued "[An issue brief on state marijuana laws and the CPA Profession](#)". The AICPA updated its comments in January 2019.

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**The AICPA suggests that CPAs:**

- Determine how their state boards define and apply the “good moral character” requirement and what the board might deem to be an “act discreditable”. The AICPA notes that a CPA that provides services to a marijuana business might have trouble obtaining or renewing a license or might face potential disciplinary action, as the client's activities violate federal drug laws.
- Consider conducting background investigations of their clients' key business principals to determine whether any has a prior conviction related to drug issues.
- Consider the potential impact on the CPA's insurance policy as a result of providing services to clients in the marijuana industry.
- Maintain engagement letters clearly defining the scope of the representation and update the engagement letter as necessary. The AICPA also suggests requiring the principals of marijuana-related clients to sign a representation letter, attesting to their understanding of the requirements of the state laws and regulations.

The Missouri Board “cautions diligently address the potential risks and uncertainties involved, including but not limited to the continued uncertainty surrounding enforcement of applicable federal drug laws and related provisions of the Internal Revenue Code.”

While the Board of Accountancy comment is appreciated, Missouri CPAs who provide services for clients in the marijuana industry are well advised to approach these engagements carefully and with a heightened awareness of the risks involved.

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