



Les Schneider Speaks With Tax Notes About Denied 280E Deductions

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Leslie J. Schneider

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Ivins, Phillips & Barker partner Les Schneider was quoted in the *Tax Notes* article, "Where Do Pot Deductions Go When They Die?" (subscription may be required). The article discusses deductions under section 280E and one attorney's theory that "deductions denied to state-legal marijuana companies don't evaporate but make their way into the owners' bases in the businesses."

"Marc Claybon of

Crowe LLP and

Leslie J. Schneider of

Ivins, Phillips & Barker Chtd. questioned the idea that section 280E isn't a permanent denial.

Schneider said he hadn't heard of the argument that section 280E is just a timing provision. "The way I read the [section] 280E statute, you incur the expense, and you lose it. I have a hard time seeing how it gets capitalized into the basis," he added.

It isn't clear what authority would support the idea of capitalizing deductions denied by section 280E, according to

Schneider. Plus, there are other examples, like expenses allocable to tax-exempt income, in which taxpayers face permanent denial of deductions for expenses, he said."