
Sophia Castro Jurado's Article on Transfer Pricing in the U.S. Cannabis Industry Published



Our U.S. transfer pricing practice leader, **Sophia Castro Jurado**, has had her article, **«Transfer Pricing Implications for the Cannabis Industry»**, published in the **IBFD International Transfer Pricing Journal (ITPJ)**.

In this article, Sophia explores the critical role of transfer pricing for U.S. cannabis businesses, especially those with multiple operations or vertical integration. Despite the complex tax landscape due to federal classification as a Schedule I substance, potential reclassification as a Schedule III drug could open up significant tax benefits.

One major challenge for cannabis businesses is the inability to deduct ordinary and necessary business expenses under Section 280E of the federal tax code. By strategically pricing intercompany transactions, businesses can maximize their Cost of Goods Sold (COGS) and mitigate the impact of this restriction.

Strong transfer pricing documentation is essential for cannabis businesses. A well-prepared study can demonstrate to the IRS that intercompany transactions are priced at arm's length, helping to avoid costly adjustments and penalties.

Given the complexity of transfer pricing, cannabis businesses should consult with a tax advisor to ensure compliance with all relevant regulations.

Altus Transfer Pricing