

Answer each statement by selecting the correct multiple choice answer.

1. If IRC §280E is strictly applied, which of the following expenses would be deductible?
 - a. COGS, Rent, Advertising, Salary
 - b. Only the COGS and Rent
 - c. None of the above
 - d. Only the COGS
2. Can a marijuana dispensary deduct the cost of hiring a yoga instructor for their patrons?
 - a. Yes
 - b. Yes, but only if the dispensary is charging separately for the yoga lessons.
 - c. No.
 - d. No, unless dispensary provides the yoga lessons for free.
3. Are IRS Chief Counsel Memorandums legally binding?
 - a. Yes
 - b. No
4. Who is required to complete a Medical Marijuana Tax Return in Nevada?
 - a. Dispensary
 - b. Production Facility
 - c. Medical Marijuana Cardholder
 - d. Both a and b
5. How much is the current Nevada Marijuana Excise Tax?
 - a. 2 percent
 - b. 5 percent
 - c. 15 percent
 - d. 3 percent
6. True or false, the excise tax is the only state or local tax a marijuana business needs to pay.
 - a. True
 - b. False
7. What factor did the court focus on in *Olive* when it denied the company's contention that it operated two separate lines of business (one legal and one illegal)?
 - a. The business did not include the non-marijuana services for free.
 - b. The business did not previously allocate expenses.
 - c. The business failed to generate income attributable to the non-marijuana services.
8. According to the Chief Counsel Memorandum, §263A does not prohibit conversion of non-deductible expense into deductible expenses.
 - a. True
 - b. False
9. Since the Tax Court ruled on *Californians Helping to Alleviate Medical Problems, Inc. v. Comm'r*, marijuana companies are now allowed to deduct the operating costs in general.
 - a. True
 - b. False
10. Under §471 and §263A, Cost of Goods Sold for a marijuana producer/grower is the sum of:
 - a. Direct Material Costs + Indirect Labor Costs
 - b. Direct Material Costs + Direct Labor Costs
 - c. Direct Material Costs + Indirect Labor Costs + Indirect costs
 - d. Direct Material Costs + Direct Labor Costs + Indirect costs
11. Cost of Goods Sold for a marijuana seller would include the purchase price of marijuana inventory and costs associated with purchase.
 - a. True
 - b. False
12. Under MMT, when a dispensary sells \$1,000 worth of marijuana to its patrons, the patrons are obligated to pay:
 - a. \$1,000
 - b. \$1,020
 - c. \$1,200
 - d. \$1,002
13. The Cost of Goods Sold accounts for approximately 75 percent of the expenditures in a marijuana venture.
 - a. True
 - b. False
14. When a marijuana business generates income, the taxpayer cannot deduct all of his or her operating expenses.
 - a. True
 - b. False
15. Which bill decriminalized the sale and use of medical marijuana in Nevada?
 - a. Assembly Bill 344
 - b. Assembly Bill 453
 - c. Assembly Bill 435

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- 2) Answer the quiz questions on page 22. Each question has only one correct answer.
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