

Tax Information on Medical Cannabis

Medical Cannabis: Cannabis provided to a registered patient taken as a liquid, pill, or by vaporizing. (Minnesota Statutes, section 152.22, subdivision 6)

Do taxes apply to the sale of medical cannabis?

No. Medical cannabis is not subject to sales or tobacco tax.

Do I have to buy marijuana stamps or controlled substance stamps?

No. Buying marijuana stamps or controlled substance stamps is not required.

Does any tax apply to the sale of a device used to vaporize medical cannabis?

Yes. Sales tax applies to the purchase of a vaporizing device used for medical cannabis.

Are payments for medical appointments or tests used for the diagnosis, subject to tax?

Yes. The payments for medical appointments and tests that a health care provider uses to diagnose and certify a patient to buy medical cannabis are subject to the Minnesota Care provider tax. The health care provider is responsible for paying the tax.

Do other Minnesota Care taxes apply to the sale of medical cannabis?

No. The wholesale drug distributor tax and legend drug use tax do not apply to the sale of medical cannabis.

Is a patient's purchase of medical cannabis deductible? Does it qualify for pre-tax medical accounts?

No. Under federal law, you cannot use pre-tax medical accounts to purchase medical cannabis nor can you deduct medical cannabis as a medical expense on your income tax return.

How will land used by medical cannabis manufacturers be classified for property taxes?

Property used to produce medical cannabis will most likely be considered Class 3 commercial and industrial property. Generally, the land used to grow medical cannabis does not meet the criteria for classification as agricultural property.

Business Tax Deductions

Medical cannabis manufacturers can deduct certain expenses that were claimed on their federal tax return. No additional form is required because Minnesota follows federal tax treatment of business expenses. Generally:

- They can deduct expenses reported on federal Form 1125A, Cost of Goods Sold.
- They cannot deduct "ordinary business expenses" covered by Section 162 of the Internal Revenue Code.

Sales Tax Exemptions


Medical cannabis manufacturers may be eligible for the following sales tax exemptions on certain purchases:

- Agricultural production
- Farm machinery and equipment
- Capital equipment exemption
- Industrial production exemption

Contact

- Minnesota Department of Health, Office of Medical Cannabis: 651-201-5598

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