

eBook

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Rescheduling in the Cannabis Industry



The Current Landscape

Cannabis is currently classified as a Schedule I substance under the Controlled Substances Act, which means it is considered to have no accepted medical use and a high potential for abuse (Controlled Substances Act).

This classification has imposed substantial restrictions on the cannabis industry, impacting areas such as banking and taxation, research, and employee management. However, with growing public support and increased recognition of its medical and economic benefits, there is a strong push for rescheduling cannabis to a lower classification (Gallup Poll on Cannabis Legalization).

Potential Rescheduling: What does this mean?

Reclassifying cannabis to a lower category, such as Schedule II or III, would recognize its medical use and ease some of the current federal restrictions. This change could result in substantial changes in the cannabis industry, including improved access to banking services, adjustments in tax regulations, and a more direct path for research and development.



**Proactively adapt
to rescheduling
developments with**



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Challenges for Human resources and payroll management

Rescheduling could lead to better employee benefits, contributing to higher employee satisfaction and loyalty.

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Key areas of impact:

Employee Recruitment and Retention

A more favorable legal status could decrease turnover rates, expand the talent pool, and enhance the overall reputation of cannabis companies as legitimate, stable employers.

Compliance and Regulatory Challenges

Streamlined regulations would reduce administrative overhead, lower the risk of non-compliance, and enable Human Resource professionals to focus more on strategic initiatives rather than regulatory compliance.

Employee Benefits and Compensation

Rescheduling could lead to better employee benefits, contributing to higher employee satisfaction and loyalty. Providing access to mainstream financial services would allow for more comprehensive compensation packages.

Workplace Safety and Drug Testing

Rescheduling could potentially lead to the development of more nuanced drug testing policies that differentiate between medical and recreational use, promoting a safer and more inclusive work environment.

Considerations for Payroll Management

Rescheduling could potentially change the tax landscape, allowing for standard business deductions and reducing the overall tax burden

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The rescheduling of cannabis would have direct implications for payroll management:

Banking and Payroll Processing

Improved access to banking services (Cannabis Banking Challenges) would simplify payroll processes, reduce risks associated with cash handling, and enable electronic payroll systems, enhancing efficiency and transparency.

Taxation and Payroll Deductions

Rescheduling could potentially change the tax landscape, allowing for standard business deductions and reducing the overall tax burden. This could free up resources for better employee compensation and benefits.



Strategic Recommendations

Rescheduling could lead to better employee benefits, contributing to higher employee satisfaction and loyalty.



Key areas of focus:

To effectively address the potential changes brought by cannabis rescheduling, human resource and payroll departments should consider implementing the following strategies:

Stay Informed and Adaptable:

Continuously monitor regulatory changes and be prepared to adjust policies and procedures as needed.

Invest in Compliance:

Strengthen compliance programs to effectively navigate the transition and minimize the risks associated with regulatory changes.

Enhance Employee Value Proposition:

Leverage the improved legal status to offer competitive benefits to attract and retain top talent.

Optimize Payroll Systems:

Transition to electronic payroll systems to enhance efficiency and reduce security risks associated with cash handling.

Opportunities for HR and Payroll

Advanced HR and payroll software can play a vital role in helping cannabis businesses navigate the rescheduling landscape.



Key features + benefits:

Automated Compliance

Software that automatically updates to reflect new regulations ensures businesses remain compliant without the need for manual intervention.

Integrated Banking Solutions

Partnerships with financial institutions can provide seamless payroll processing, even as banking restrictions ease.

Flexible Payroll Options

Customizable payroll solutions can accommodate various employee types, payment schedules, and enhance overall efficiency.

Employee Self-Service

Empowering employees with self-service portals for accessing pay stubs, benefits information, and training materials could improve transparency and satisfaction.

Conclusion

The potential rescheduling of cannabis to Schedule III marks a crucial turning point for the cannabis industry, presenting new opportunities and challenges for human resources and payroll operations. This change could minimize certain criminal penalties and allow marijuana companies to take federal tax deductions under Section 280E of the IRS Code, it does not guarantee significant or sudden changes in the operational landscape for financial institutions. By proactively adapting to these developments, cannabis companies can improve their operational efficiency, ensure compliance, and enhance their appeal as employers, positioning themselves for growth and success in this evolving environment.

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You will have all the tools to succeed in digital transformation or human resources. PeopleGuru™'s experienced gurus and our proprietary framework will guide your organization toward the path to great success.

- Rich Cangemi
CEO

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