

Ecommerce COA Category Definitions Guide

Multi-Channel Accounting Setup

For: Amazon, eBay, Shopify, Walmart, Etsy & Other Channels

[CHART] ASSETS (1000 Series)

What Are Assets?

Resources your business owns or controls that have future economic value. Anything that could be converted to cash or used to generate revenue.

1010 - Checking Account

Type: Current Asset	How to Use: Bank deposits, daily cash, operating fund
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Examples:

[U+2022] Daily sales deposits from your bank

[U+2022] Business checking account balance

[U+2022] Cash received from customers

QuickBooks Setup: Link to your actual bank account. Reconcile monthly.

1020 - Savings Account

Type: Current Asset	How to Use: Reserve funds, emergency cash
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Examples:

[U+2022] Emergency business reserve

[U+2022] Planned capital investment

[U+2022] Tax savings fund

Note: Keep separate from operating checking to avoid confusion.

1105-1109 - Channel Clearing Accounts

Type: Current Asset	How to Use: Temporary holding for platform payouts
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Accounts:

[U+2022] 1105 Amazon Clearing

[U+2022] 1106 eBay Clearing

[U+2022] 1107 Shopify Payments Clearing

[U+2022] 1108 Walmart Clearing

[U+2022] 1109 Etsy Clearing

Why Use Them:

When Amazon (or any platform) deposits to your bank, it's a net amount after fees, refunds, and taxes. But your accounting needs to record:

[U+2022] Gross sales [U+2192] Revenue account

[U+2022] Marketplace fees [U+2192] COGS/Expense account

[U+2022] Sales tax [U+2192] Liability account

[U+2022] Net [U+2192] Bank account

The clearing account bridges this gap. Your accounting software (or manual entries) posts details to clearing, then nets to bank.

1110 - Accounts Receivable

Type: Current Asset	How to Use: Money owed by customers (B2B invoices)
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Examples:

[U+2022] Invoice sent to wholesale customer (Net 30)

[U+2022] Consultation fee not yet paid

[U+2022] Corporate bulk order on account

Note: Most ecommerce is cash/immediate payment, so this may be small or unused.

1200 - Inventory

Type: Current Asset	How to Use: Products on hand, ready to sell
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Examples:

[U+2022] Finished goods in warehouse

[U+2022] Stock purchased but not yet sold

[U+2022] Raw materials (if manufacturing)

Tracking: Use periodic or perpetual inventory method. Update when:

[U+2022] Purchase inventory [U+2192] increase Inventory, increase Accounts Payable

[U+2022] Sell inventory [U+2192] decrease Inventory, increase COGS

1300 - Prepaid Expenses

Type: Current Asset	How to Use: Payments made in advance
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Examples:

[U+2022] Annual software subscription paid upfront

[U+2022] Business insurance premium (covers next 6-12 months)

[U+2022] Prepaid shipping label credits

[U+2022] Annual business license renewal

Method: Record as asset, then amortize (expense gradually) over the benefit period.

1500 - Fixed Assets

Type: Long-term Asset	How to Use: Equipment, furniture, vehicles, computers
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Examples:

[U+2022] Laptop or desktop computer

[U+2022] Office furniture

[U+2022] Warehouse shelving

[U+2022] Forklift or equipment

Capitalization Threshold: Usually >\$500. Smaller items [U+2192] Office Supplies Expense.

1550 - Accumulated Depreciation (Contra-Asset)

Type: Long-term Asset (negative)	How to Use: Track wear on fixed assets
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How It Works:

[U+2022] Buy computer for \$1,000 (record in 1500)

[U+2022] Depreciate \$200/year for 5 years

[U+2022] Each year, record \$200 to depreciation expense (7300)

[U+2022] Accumulated Depreciation (1550) shows cumulative: Year 1 = \$200, Year 2 = \$400, etc.

[U+2022] Balance sheet shows: Fixed Assets \$1,000 - Accumulated Depreciation \$400 = Net \$600

[U+D83D][U+DCB3] LIABILITIES (2000 Series)

What Are Liabilities?

Obligations your business owes. Money or services you're committed to provide.

2100 - Accounts Payable

Type: Current Liability	How to Use: Money owed to vendors/suppliers
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Examples:

[U+2022] Supplier invoice received (terms: Net 30)

[U+2022] Inventory purchase on account

[U+2022] Service received but not yet paid (utilities, contractor)

Process:

1. Receive invoice [U+2192] increase Accounts Payable
 2. Pay invoice [U+2192] decrease Accounts Payable
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2200 - Credit Card Payable

Type: Current Liability	How to Use: Outstanding credit card balance
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Examples:

[U+2022] Monthly credit card statement balance

[U+2022] Interest charges on credit card

Note: Some users track by card (Amex Payable, Visa Payable). Others use one account for all cards.

2300 - Sales Tax Payable

Type: Current Liability	How to Use: Sales tax collected, pending payment to state
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When to Record:

[U+2022] Collect sales tax from customer [U+2192] Sales Tax Payable increases

[U+2022] Pay sales tax to state [U+2192] Sales Tax Payable decreases

Monthly/Quarterly: Most states require quarterly or monthly filings. Track by state if multi-state.

2400 - Payroll Tax Payable

Type: Current Liability	How to Use: Employee taxes withheld + employer contributions
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Breakdown:

[U+2022] Employee federal income tax withheld

[U+2022] Employee Social Security/Medicare withheld

[U+2022] Employer Social Security/Medicare contributions

[U+2022] State income tax (if applicable)

When to Pay: Usually monthly or semi-weekly (depends on deposit schedule).

2500 - Notes Payable

Type: Long-term Liability	How to Use: Formal loans or notes
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Examples:

[U+2022] SBA loan for business

[U+2022] Equipment financing

[U+2022] Line of credit from bank

[U+2022] Loan from family/investor

[TROPHY] EQUITY (3000 Series)

What Is Equity?

Owner's net worth in the business. Assets - Liabilities = Equity.

3000 - Owner Contribution

Type: Equity	How to Use: Money or assets owner invests into business
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Examples:

[U+2022] Owner puts \$10,000 cash into business bank account

[U+2022] Owner transfers equipment (valued at \$5,000) to business use

Note: Not an expense. Increases equity.

3100 - Retained Earnings

Type: Equity	How to Use: Cumulative profits kept in business
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Automatic: At year-end, net income/loss rolls into Retained Earnings. Usually updated by your accountant or accounting software.

3200 - Owner's Draw

Type: Equity (negative)	How to Use: Owner withdrawals for personal use
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Examples:

[U+2022] Owner takes \$2,000 cash out of business

[U+2022] Owner pays personal credit card from business account

[U+2022] Owner takes equipment for personal use

Note: Similar to "salary" for sole proprietors/partnerships, but recorded differently. Not an expense for tax purposes.

[TREND] REVENUE (4000 Series)

What Is Revenue?

Money coming in from selling products or services to customers. The "top line" of your business.

4100 - Amazon Revenue

Type: Income	How to Use: Product sales from Amazon
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Includes: Gross sales amount before Amazon marketplace fees, refunds, or taxes.

Multi-Channel Tip: If you sell on Amazon in multiple categories (Books, Electronics, etc.), you might create sub-accounts:

[U+2022] 4101 Amazon Revenue - Electronics

[U+2022] 4102 Amazon Revenue - Apparel

[U+2022] Etc.

4110 - eBay Revenue

Type: Income	How to Use: Product sales from eBay
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Includes: Gross sales before eBay fees or final value fees.

4120 - Shopify Revenue

Type: Income	How to Use: Product sales from your Shopify store
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Includes: Gross sales from your own website.

Tip: If you have multiple product lines, sub-accounts can help:

[U+2022] 4121 Shopify Revenue - Subscription

[U+2022] 4122 Shopify Revenue - One-time Purchase

4130 - Walmart Revenue

Type: Income	How to Use: Product sales from Walmart Marketplace
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Includes: Gross sales before Walmart fees.

4140 - Etsy Revenue

Type: Income	How to Use: Product sales from Etsy
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Includes: Gross sales before Etsy listing fees or transaction fees.

4190 - Other Channel Revenue

Type: Income	How to Use: Sales from channels not listed above
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Examples:

- [U+2022] Faire sales
 - [U+2022] TikTok Shop sales
 - [U+2022] In-person event sales
 - [U+2022] Wholesale to retailers
 - [U+2022] Direct customer emails/phone orders
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4200 - Shipping Income

Type: Income	How to Use: Shipping fees charged to customers
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Examples:

- [U+2022] Customer pays \$10 for shipping [U+2192] record in 4200
- [U+2022] Free shipping [U+2192] don't record here
- [U+2022] Shipping recovery from damaged items

Best Practice: Separate from product sales for tracking purposes. Helps analyze true product margin vs. shipping margin.

4300 - Sales Returns & Allowances

Type: Income (Contra-Revenue)	How to Use: Customer returns, refunds, price reductions
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Examples:

[U+2022] Customer returns item [U+2192] \$50 refund

[U+2022] You offer customer \$25 discount for damaged packaging

[U+2022] Amazon processes return

Why Separate Account: Shows gross sales minus returns = net sales. Helps you track return rate by channel.

4400 - Other Income

Type: Income	How to Use: Miscellaneous revenue not from product sales
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Examples:

[U+2022] Affiliate commission from recommending product

[U+2022] Interest earned on savings account

[U+2022] Refund from supplier (overpayment)

[U+2022] Reselling scrap materials

[U+D83D][U+DCE6] COST OF GOODS SOLD - COGS (5000 Series)

What Is COGS?

Direct costs to acquire/produce products you sell. Directly tied to each sale. Key metric: Gross Profit = Revenue - COGS.

5000 - Cost of Goods Sold - Product

Type: COGS	How to Use: Direct product cost
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Examples:

[U+2022] Purchase inventory from supplier: \$1,000 cost [U+2192] Inventory increases

[U+2022] Sell that inventory for \$2,500 [U+2192] COGS decreases Inventory by \$1,000, increases COGS expense by \$1,000

[U+2022] Result: Gross Profit = \$2,500 - \$1,000 = \$1,500

Perpetual vs. Periodic Method:

[U+2022] Perpetual: Record COGS with each sale (real-time)

[U+2022] Periodic: Count inventory at year-end, calculate COGS then

5100 - Amazon Referral Fees

Type: COGS	How to Use: Amazon's cut of each sale (8-45% depending on category)
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Example:

[U+2022] You sell item for \$100

[U+2022] Amazon takes \$20 referral fee

[U+2022] You net \$80 (before other fees/taxes)

Record: \$20 to 5100 Amazon Referral Fees (COGS)

Why COGS? It's variable[U+2014]directly tied to each sale. Helps calculate true per-unit profitability.

5105 - Amazon FBA Fees

Type: COGS	How to Use: Fulfillment by Amazon storage and fulfillment costs
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Examples:

[U+2022] FBA fulfillment charge (per unit)

[U+2022] Monthly storage fee

[U+2022] Long-term storage fee

Record Monthly: Amazon typically bills monthly. Break out from referral fees to track fulfillment costs separately.

5110 - Shopify Processing Fees

Type: COGS	How to Use: Stripe/payment processor fees per transaction
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Typical Rate: 2.9% + \$0.30 per transaction (varies by processor)

Example:

[U+2022] \$100 sale

[U+2022] $2.9\% = \$2.90 + \$0.30 = \$3.20$ fee

[U+2022] Record \$3.20 to 5110

Why COGS? Directly tied to each sale. Helps you know true per-transaction cost.

5120 - eBay Marketplace Fees

Type: COGS	How to Use: eBay's final value fee + insertion fees
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Breakdown:

[U+2022] Final Value Fee: ~12.9% (varies by category)

[U+2022] Insertion Fee: ~\$0.30 per listing (if active)

Example:

[U+2022] Sell for \$100

[U+2022] Final Value Fee = \$12.90

[U+2022] Record \$12.90 to 5120

5130 - Walmart Marketplace Fees

Type: COGS	How to Use: Walmart's referral fee per sale
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Typical Rate: 8-15% depending on category

5140 - Etsy Marketplace Fees

Type: COGS	How to Use: Etsy listing fees + transaction fees
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Breakdown:

[U+2022] Listing fee: \$0.20/listing (3-month active)

[U+2022] Transaction fee: 5% per sale

[U+2022] Payment processing: 3% + \$0.20

Example:

[U+2022] Sell for \$50

[U+2022] Transaction: \$2.50

[U+2022] Processing: \$1.70

[U+2022] Total: \$4.20

[U+2022] Record \$4.20 to 5140

5200 - Shipping & Fulfillment - COGS

Type: COGS	How to Use: Actual cost to ship items to customers
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Examples:

[U+2022] UPS/FedEx/USPS shipping label cost

[U+2022] 3PL (third-party logistics) fulfillment cost

[U+2022] Packing materials directly tied to orders

Distinction:

[U+2022] Direct shipping cost per order [U+2192] 5200 (COGS)

[U+2022] General packing supplies [U+2192] Could be COGS or Expense depending on volume

[U+2022] Facilities to store inventory [U+2192] 6200 Rent & Facilities (Expense)

5300 - Packaging Materials

Type: COGS	How to Use: Boxes, tape, labels, tissue paper
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Examples:

[U+2022] Bulk box purchase for orders

[U+2022] Branded packaging

[U+2022] Packing tape, bubble wrap

[U+2022] Thank you cards

Tip: If you buy a small amount occasionally, might be easier to expense to 7000 Office Supplies. High-volume sellers should track in COGS to calculate true product cost.

[U+D83D][U+DCBC] OPERATING EXPENSES (6000 & 7000 Series)

What Are Operating Expenses?

Costs to run the business that aren't directly tied to a specific sale. Indirect costs.

6000 - Salaries & Wages

Type: Expense	How to Use: Employee compensation
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Includes:

[U+2022] Gross wages (before taxes/deductions)

[U+2022] Bonuses

[U+2022] Commissions

Does NOT Include:

[U+2022] Payroll taxes [U+2192] 6100

[U+2022] Benefits [U+2192] 6100

[U+2022] 1099 contractor fees [U+2192] Usually 6900 Professional Services

6100 - Payroll Taxes & Benefits

Type: Expense	How to Use: Employer taxes + employee benefits
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Includes:

[U+2022] Employer Social Security/Medicare (7.65%)

[U+2022] Federal Unemployment Tax (0.6%)

[U+2022] State Unemployment Tax (varies)

[U+2022] Employee health insurance

[U+2022] 401(k) matching

[U+2022] Workers' compensation insurance

6200 - Rent & Facilities

Type: Expense	How to Use: Office/warehouse rent
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Examples:

[U+2022] Monthly warehouse rent

[U+2022] Shared office space

[U+2022] Virtual office address

[U+2022] Storage unit for inventory

Note: Does NOT include utilities [U+2192] 6300

6300 - Utilities

Type: Expense	How to Use: Electricity, water, internet, phone
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Examples:

[U+2022] Monthly electric bill (office/warehouse)

[U+2022] Internet bill

[U+2022] Cell phone plan (business)

[U+2022] Water/sewer

Tip: If working from home, record percentage (e.g., 20% of electric bill if 20% of home is office).

6400 - Marketing & Advertising

Type: Expense	How to Use: Paid marketing to drive sales
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Examples:

[U+2022] Amazon Sponsored Products ads

[U+2022] Facebook/Instagram ad spend

[U+2022] Google Ads (search, shopping, display)

[U+2022] TikTok ads

[U+2022] Email marketing platform

[U+2022] Content creator sponsorship

[U+2022] Blog/content marketing

Tip: Break into sub-accounts by channel if high spend:

[U+2022] 6401 Amazon Advertising

[U+2022] 6402 Facebook/Instagram Ads

[U+2022] 6403 Google Ads

6500 - Fulfillment & Shipping - Outbound

Type: Expense	How to Use: Cost to ship to customers
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Different from 5200?

[U+2022] 5200 = Direct cost per order (tied to COGS, affects gross margin)

[U+2022] 6500 = General outbound shipping fee structure, platform shipping integrations, or average shipping cost not directly tied per-unit

Examples:

[U+2022] Monthly Shopify shipping integration fee

[U+2022] Shipping software subscription

[U+2022] USPS postage meter rental

6600 - Platform Fees

Type: Expense	How to Use: Monthly subscription/platform fees
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Examples:

[U+2022] Shopify subscription (\$29-299/month)

[U+2022] WooCommerce hosting

[U+2022] Bigcommerce monthly fee

Different from marketplace fees?

[U+2022] 5100-5140 = Per-transaction marketplace fees (variable, COGS)

[U+2022] 6600 = Fixed platform subscription (fixed cost, Expense)

6700 - Payment Processing Fees

Type: Expense	How to Use: Credit card processing, payment gateway fees
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Examples:

[U+2022] Stripe monthly fee (if any)

[U+2022] Square monthly fee

[U+2022] PayPal subscription (if applicable)

[U+2022] Chargeback fees

Tip: Some businesses record this as COGS if it's per-transaction. Others use 6700 for fixed fees + 5110 for variable. Choose consistently.

6800 - Software & Subscriptions

Type: Expense	How to Use: Business software (not platform-specific)
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Examples:

[U+2022] Accounting software (QuickBooks, Xero)

[U+2022] Email marketing (Klaviyo, ConvertKit)

[U+2022] SEO tools (Semrush, Ahrefs)

[U+2022] Design tools (Canva Pro, Adobe Creative Cloud)

[U+2022] Project management (Asana, Monday.com)

[U+2022] Analytics tools

6900 - Professional Services

Type: Expense	How to Use: Outside experts (accountant, lawyer, consultant)
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Examples:

- [U+2022] Bookkeeper/accountant fees
 - [U+2022] Tax preparation
 - [U+2022] Legal consultation
 - [U+2022] Business consultant
 - [U+2022] Bookkeeping app automation specialist
 - [U+2022] 1099 contractor (specialist work)
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7000 - Office Supplies & Equipment

Type: Expense	How to Use: Non-capital office items
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Examples:

- [U+2022] Printer paper, ink cartridges
- [U+2022] Sticky notes, pens
- [U+2022] Desk supplies
- [U+2022] Small equipment (<\$500)

Note: Capital equipment >\$500 [U+2192] 1500 Fixed Assets

7100 - Insurance

Type: Expense	How to Use: Business insurance policies
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Examples:

[U+2022] General liability insurance

[U+2022] Product liability (if selling physical goods)

[U+2022] Professional liability

[U+2022] Workers' compensation

[U+2022] Property insurance (for warehouse)

[U+2022] Cyber liability

Tip: If paid annually, can either:

[U+2022] Expense immediately (simple), OR

[U+2022] Record as Prepaid Expense (1300), amortize monthly (more accurate)

7200 - Travel & Meals

Type: Expense	How to Use: Business travel and meal expenses
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Examples:

[U+2022] Hotel for trade show

[U+2022] Airfare for client meeting

[U+2022] Meals with business associate (50% deductible)

[U+2022] Mileage/rideshare for business

[U+2022] Conference registration

7300 - Depreciation

Type: Expense	How to Use: Systematic wear on fixed assets
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How It Works:

[U+2022] Buy equipment for \$1,000, 5-year useful life

[U+2022] Annual depreciation = \$1,000 [U+F7] 5 = \$200/year

[U+2022] Each year, record \$200 to 7300 Depreciation Expense

[U+2022] Reduces taxable income

Often Updated By: Accountant or accounting software (not manual entry).

7400 - Miscellaneous Expenses

Type: Expense	How to Use: Business expenses that don't fit other categories
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Examples:

[U+2022] Gifts to customers/clients

[U+2022] Donations (if deductible)

[U+2022] Licenses and permits

[U+2022] Bank fees

[U+2022] Small supplies not elsewhere

[U+2022] Professional development/training

[TARGET] QUICK REFERENCE: WHERE DO COMMON TRANSACTIONS GO?

Transaction	Account	Type
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Product sale on Amazon	4100 Amazon Revenue	Income
Amazon referral fee (per sale)	5100 Amazon Referral Fees	COGS
Amazon FBA monthly charge	5105 Amazon FBA Fees	COGS
Etsy listing fee	5140 Etsy Marketplace Fees	COGS
Shopify subscription	6600 Platform Fees	Expense
Shopify payment processing fee	5110 or 6700	COGS or Expense
Shipping label to customer	5200 or 6500	COGS or Expense

Facebook ad spend	6400 Marketing	Expense
Product purchase from supplier	1200 Inventory	Asset (until sold)
Supplier invoice paid	2100 Accounts Payable	Liability
Employee salary	6000 Salaries	Expense
Payroll taxes (employer)	6100 Payroll Taxes	Expense
Warehouse rent	6200 Rent	Expense
Electric bill	6300 Utilities	Expense
Accountant fee	6900 Professional Services	Expense
New laptop	1500 Fixed Assets	Asset
Owner withdraws cash	3200 Owner's Draw	Equity
Sales tax collected	2300 Sales Tax Payable	Liability

[IDEA] SETUP TIPS FOR YOUR ACCOUNTING SOFTWARE

QuickBooks Online:

1. Go to Settings [U+2192] Chart of Accounts
2. Click "+ New" for each account
3. Use exact account names and numbers above
4. Assign correct Account Type (Asset, Liability, etc.)
5. Set up bank connections for 1010, 1020
6. Link credit cards to 2200

Xero:

1. Go to Accounting [U+2192] Chart of Accounts
2. Click "+ New Account"
3. Set account type (Asset, Liability, Revenue, etc.)
4. Input account code and name
5. Link bank/credit card connections

Shopify/Amazon/eBay Integration:

[U+2022] Use apps like A2X, Taxomate, or Klavena to automatically map channel transactions to these accounts

[U+2022] Saves hours on manual categorization

[CLIPBOARD] MONTH-END CHECKLIST

[U+2022] [] Reconcile bank accounts (1010, 1020)

[U+2022] [] Review Accounts Payable (2100) [U+2014] pay invoices due

[U+2022] [] Review Sales Tax Payable (2300) [U+2014] file returns if due

[U+2022] [] Review Accounts Receivable (1110) [U+2014] follow up on unpaid invoices

[U+2022] [] Count physical inventory vs. 1200 balance (if using perpetual inventory)

[U+2022] [] Review all channel clearing accounts (1105-1109) [U+2014] should be near zero after net payout

[U+2022] [] Record accrued expenses (utilities, payroll, etc.)

[U+2022] [] Review depreciation if using fixed assets (7300)

[U+D83D][U+DCDE] WHEN TO USE THIS GUIDE

[[U+2713]] Use this when:

[U+2022] Setting up your chart of accounts in QuickBooks/Xero

[U+2022] Training a bookkeeper on your account structure

[U+2022] Reconciling monthly bank statements

[U+2022] Preparing tax documents with accountant

[U+2022] Analyzing profitability by channel

[[U+2717]] This is NOT:

[U+2022] Tax or legal advice

[U+2022] A substitute for a professional accountant

[U+2022] Specific to your business situation (customize as needed)

Questions? Work with your accountant to adapt these accounts to your specific business model and tax situation.