



QuickBooks Online Chart of Accounts – Plain-English Guide

Prepared by Robertson Bookkeeping. This guide explains common QuickBooks Online accounts, what they mean in plain English, and how mistakes impact your tax return.

Account Type	Account Name	What It Means	Common Mistake	Tax Impact
Asset	Checking / Savings	Cash currently available to the business	Not reconciling monthly	Tax reports become unreliable
Asset	Accounts Receivable	Money customers owe for completed work	Recording future work as A/R	Income overstated or understated
Asset	Undeposited Funds	Payments received but not yet deposited	Allowing balances to accumulate	Income timing issues
Asset	Fixed Assets	Large purchases used over time	Expensing instead of capitalizing	Missed depreciation deductions
Liability	Credit Cards	Outstanding card balances	Posting balances as expenses	Inflated deductions
Liability	Loans Payable	Borrowed money to be repaid	Expensing principal payments	Net income distorted
Liability	Sales Tax Payable	Sales tax collected for the state	Recording as income	Overpayment of income tax
Equity	Owner Contributions	Owner money put into business	Recording as income	Income overstated
Equity	Owner Draws	Money taken out by owner	Recording as expense	Net profit understated
Income	Service Income	Revenue from normal operations	Including transfers	Income distorted
COGS	Cost of Goods Sold	Direct job-related costs	Mixing with overhead	Margins inaccurate

Applying This to Home Service Businesses

- Use Cost of Goods Sold for materials and subcontractors tied directly to jobs.
- Keep vehicle expenses consistent and avoid mixing personal use.
- Always record sales tax to Sales Tax Payable, not income.
- Pay owners correctly using draws or payroll.
- Handle customer deposits carefully to avoid premature taxable income.