



Accounting for E-Commerce

Providing accounting services for an e-commerce business can be far more difficult and complex than handling accounting issues for a more traditional type of client. A frequent, large, and costly mistake made by many Internet businesses in the start-up phase is the assumption that they can handle all their financial dealings on their own, and that they can do their own accounting just by using a commercial accounting software program such as QuickBooks. In the last few years the IRS has shown an increased penchant for auditing e-businesses both large and small. Many companies have suffered and they did so most often just as a result of poor accounting and not because fraud was intended. Even many experienced CPAs fail to grasp all the complexities of tracking and documenting the finances of a company involved in e-commerce.

The marketing and sale of products and services online is a relatively new practice. The laws governing many financial issues are still very unclear even to the lawmakers themselves. To successfully provide accurate accounting services for a firm engaged in Internet commerce the accounting professional has to educate him- or herself on an almost daily basis. E-commerce accountants have to know all the rules and regulations that are currently in place, and they have to know how these rules impact the company they are working for. E-commerce accountants should also be extremely computer literate and proficient in working with the different types of accounting software. That will help them decide not only which application would integrate best in view of the company's websites, but also the basic needs of their clients.

The issue of taxation is particularly difficult in the world of electronic commerce. Since the customer may be filling his virtual shopping cart from anywhere in the country, or even perhaps in the world, figuring out who should be charged sales tax, and at what rate, can be very difficult to decide. This is also true because the laws that govern the issue have changed a number of times over the last few years and are likely to do so again at any time. It is the accountant's responsibility to ensure that a business is following the correct practices as specified by current law.

At the moment, there is very little training that is specifically geared towards those who wish to pursue accounting opportunities with a business that conducts all financial and commercial transactions in cyberspace. The best course of action that any aspiring accountant can undertake is to obtain a solid education in accounting practices in general, and to eventually obtain a recognized certification such as that of CPA (Certified Public Accountant). It is a safe assumption to make that as [Web marketing](#) continues to grow more education will become available to address the special requirements that have to be addressed when managing the finances of an Internet-based commercial venture. Many major accounting firms are now finally building special strategies for [e-commerce clients](#) and are investing their resources into the re-training of employees in this growing field.

At this time, accountants working for merchants based on the World Wide Web instead of down the local high street are not compensated any differently from their peers who service more traditional clients. Possessing a strong knowledge of [e-commerce](#) accountancy, however, can certainly give a young professional a strong advantage when competing for [entry-level jobs](#). This is especially the case with large firms who may very well prefer to hire someone with this kind of expertise than to continue having to re-train existing employees in these new skills.

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