

Business credit card

Is business credit card helpful?

'Yes' -is the answer that's comes out almost immediately. That is true at least for most businesses (especially small businesses). Before we delve deeper into how business credit cards are helpful, let's try and understand what a business credit card is.

Put simply, a business credit card is a credit card that is owned by a business and not an individual. To understand this better, you can simply draw an analogy between the business credit cards and business bank accounts, which are in the name of the business as well. Other than that, business credit cards work in pretty much the same fashion as the personal credit cards; with a few exceptions. These exceptions are in the form of flexibility in credit limit, low APRs and some other additional benefits that are available to business credit cards only.

Even from just that, business credit cards seem a good proposition. However, business credit cards would be attractive even without those benefits because the main benefit lies elsewhere. The big-big benefit from a business credit card is realised in terms of business expense accounting. For most small businesses, business expense accounting is a big overhead. With business credit cards, this is handled very easily - you just have to ensure that you make all your business expenses on your business credit card and let the personal expenses be on the personal credit card i.e. segregation of business and personal expenses is all you need to do. So the bill for your business credit card will have all the business expenses on it and you wouldn't need to collate all the various bills or sort out the items from your personal credit card bill. The key here is to make sure that you use your business credit card for all your business expenses (or as much as you can). Moreover, a lot of business credit card suppliers realise this need of small business and even organise the business credit card bills in a way that meets the accounting requirements of these businesses. So mostly, they will appropriately group the expenses on the business credit card bill so as to facilitate business expense accounting. In fact, some of the business credit card suppliers go to an extent of providing the bills in a format that can be downloaded and exported to an accounting system i.e. you don't need to enter the data manually in your accounting system. In case the format is not suitable for your accounting system, you can hire a software professional to write a small quick program to convert it into a suitable format.

Thus just one reason - 'facilitation of business expense accounting', is enough

to support the case of small business credit cards.