

9. Keep Business and Personal Expenses Separate

Studies show that credit cards are the number one source of credit for new businesses. Why? Most new business owners already have credit cards, and the process for obtaining a new card is generally streamlined.

When you're starting a business, credit cards are often a useful way to finance your purchases. Now you can pay for almost anything with a credit card – from supplies to telephone bills. Some credit cards let you take cash advances, and may even come with cheques to use for bill payments.

Even established businesses may rely on credit cards to meet their financial needs; however, responsible use of credit cards is important to safeguard your business's financial well-being. In general, you should get a separate business credit card that you use for all business expenditures. A personal credit card and its business twin may look similar, but they are different. You should always shop around for a business card with the best built-in benefits included, while understanding the fees and annual percentage rate (APR). Not only will you get the right line of credit for your business, you'll find these other advantages too:

- **Improved record keeping**

You'll have separate credit cards or online tools to easily segregate and classify your business and personal expenses, and quarterly or annual statements will make it easier for you at tax time.

- **Employee cards**

As a business owner, you can apply for cards for your employees. Some even offer individual credit limits or spending alerts that you can set yourself. This makes purchasing easier and also helps you keep clear records. If two employees are handling one project, your credit card statement will reflect expenses associated with it and will break down spending per employee.

- **Perks and rewards**

Loyalty programs, rewards, payment options, and insurances associated with a business credit card may be more relevant and advantageous for business owners than standard consumer credit card offerings. Some business credit cards give you airline rewards points you can redeem for travel, cash-back, supplies, gift cards, or merchandise. You can also tap into other benefits, such as car and flight insurance and discounts on travel. Often, you have privileged access to business articles and information online. In addition, you can earn points for the purchases your employees make on the credit card account.

Whether or not you choose to have a credit card specifically for business, it's important you make sure that your records are clear and receipts have sufficient explanations.