

10 reasons you don't need a small business credit card

By Geoff Williams, CardRatings contributor



October 31, 2019 – If you have always thought that the reasons for having a small business credit card were over-hyped, that they're not necessary, and you can get by without one – you were right.

Yes, that may sound surprising, coming from a credit card website such as CardRatings. Even we were surprised when we decided to write this article.

But we've heard enough naysayers suggest that you can run a perfectly fine business on personal credit cards that we thought, "You know, maybe those people have a point."

So here we go, and hope you are happy - 10 reasons you DON'T need a small business credit card.

Reason #1. *You enjoy the task of separating personal from business purchases on your personal credit card statement.*

Some people need hobbies, and while this is a pretty unusual one, it will keep you busy.

Look, in the technical sense, you can pay for business expenses with your personal credit card, but if you want to take deductions for your business, you are making it harder for yourself. As the IRS notes on its website, "It's a good idea to keep separate business and personal accounts as this makes it easier to keep records."

That's why, in fact, you should also have a business bank account and a personal bank account. Ideally, you're keeping everything separate.

Sure, it might be useful if you had, say, the Ink Business UnlimitedSM Credit Card, and you could see the 1.5% cash back on your statement, but we wouldn't want to take away a hobby from anyone, so if you think it sounds fun spending time every week or month – or yearly if you really want a challenge – sifting through your personal credit card statements and trying to remember whether a meal was a business lunch or that day you took your family out to a restaurant, well, get to it.

Reason #2. *Your accountant never has any questions about your business expenses come tax time.*

If tax time is always a breeze, then you are right; that's another reason to forget the business credit cards. Stick with a personal credit card.

But if you've ever stressed over your taxes and especially if you've ever found yourself curled up in a fetal position in the corner of your office around tax time, sobbing and begging for the tax gods to leave you alone, that's another reason to think about applying for something like Capital One® Spark® Cash Select for Business. You could brag to your accountant how you took advantage of the introductory 0% interest on purchases for nine months (then, 14.74% - 22.74% (Variable)).

But, sorry, we forgot. You're one of the lucky ones. Your accountant never calls with questions.

Reason #3. *Earning rewards with more than one credit card just seems excessive.*

Maybe you have a guilt complex and feel you don't really deserve to save money with your personal AND a business card, or that you feel you're cheating the system if you take advantage of more than one credit card offering cash back or points or miles when you spend money. If that's the case, you probably also don't take advantage of coupon codes or use rebate apps, and we respect that type of thinking. We don't get it, but we respect it.

With the Ink Business CashSM Credit Card you'd earn 5% cash back on up to \$25,000 spent on office supply store purchases and internet, cable and phone services each account year as well as 2% cash back on the first \$25,000 spent at gas stations and restaurants each account anniversary year. But what business owner would possibly want to earn up to \$1,250 in cash back in a year earning 5% back and then another \$500 earning 2% back (and even MORE earning 1% on your other purchases)?

Reason #4. *You like handing over your personal card to employees each time they need to make a purchase.*

Because nothing could go wrong, and you live a charmed life. Your employees couldn't possibly lose your card or accidentally overspend and max out your card. There is also absolutely no chance that, later, you won't forget to reimburse yourself for a business expense that another employee made.

Now, if you did want to give your employees their own credit cards, you could apply to, among others, Capital One® Spark® Cash for Business, but it does kind of sound fun, just sticking with the personal credit cards. It's always interesting, living on the edge and taking unnecessary risks.

Reason #5. *Your credit limit on your personal card is plenty to cover any and all personal and business expense emergencies – even if they happen in the same month.*

Some business credit cards, like The Business Platinum® Card from American Express, have no preset spending limit (which doesn't mean unlimited spending; it's based on factors such as your credit history and spending patterns), making it easier to fund your working capital.

But because you live that aforementioned charmed life, you know that everything will work out fine, and your personal and business life can both be easily managed on one personal credit card.

Reason #6. *You like the process of reimbursing employees for their expenses when they travel for business using their own personal cards.*

Most business credit cards, such as the Ink Business PreferredSM Credit Card, allow a business to have extra credit cards for employees, and even set up spending limits on them, but why would you want that? It would take you away from a favorite past-time of sorting through expense reports and issuing reimbursements to your employees.

Reason #7. *You have all the funds you need saved up to start your small business with cash.*

Not much else needs to be said. You're rich. You can easily build a multi-million-dollar business with your fortune. You don't borrow money from lenders; they borrow from you.

Now, if that wasn't the case, you might be interested in something like the American Express[®] Blue Business Cash Card, which offers Expanded Buying Power, a service that lets you spend beyond your credit limit and earn rewards on that spending, so you can get work done. Remember, of course, as noted earlier with The Business Platinum[®] Card from American Express, it isn't an unlimited amount; it depends on factors such as your payment history and credit report). Many business credit cards will also give you generous welcome bonuses (basically a lot of cash back, miles or points after you spend a certain amount of money), which might come in handy if you had a startup that wasn't flush with cash. But, again, you have all the money you need, so no need to consider that.

Reason #8. *Time is a luxury you're basking in – there's no need to simplify your business spending and budgeting.*

If you had a business credit card, like the American Express[®] Business Gold Card, every year around tax time, you'd have a year's worth of credit card statements to pore through or submit to your tax preparer or accountant, and you'd easily and automatically have a record of your monthly business expenses. No need to play financial sleuth in February or March when you're doing your taxes, and go back a year and try and make sense of what you were spending your money on eight months ago.

But, remember, you have all the time in the world, and so you don't mind playing financial detective.

Reason #9. *Your business spending and personal spending categories are basically the same – earning 4% back at restaurants and on entertainment really is an ideal rewards situation for your business.*

With a business credit card, all of the cash back that you receive can be reinvested in your business, so it's a good thing that all that cash back you're earning at restaurants and on entertainment during your free time (4% cash back to be exact) with your Capital One[®] Savor[®] Cash Rewards Credit Card fits so well into your small business expenses as well. Of course, you *could* be earning an unlimited 2% cash back on every purchase you make, such as with the Capital One[®] Spark[®] Cash for Business, which means you'd be able to potentially reduce *all* of your business expenses by 2%. With that extra income, you could stretch your dollars even further, but you don't need that, right?

And then there's the Ink Business PreferredSM Credit Card, which will let you earn 3 points per \$1 on the first \$150,000 that you spend on travel and select business categories each account anniversary year. Those

points could be used to go toward advertising expenses, more travel and paying for telephone services, among other things. But, no, you keep the personal card that gets you top cash back on restaurants and entertainment... that makes sense for your business.

Reason #10. *You are comfortable exposing your personal credit history to identity theft when you lose your personal credit card while running a business errand.*

True, your business credit card, whether it's Capital One® Spark® Miles for Business or another card, could be stolen or lost while running a business errand – but our point is, if you're putting all of your business and personal expenses on one personal card, and your employees are using it, you are asking a lot of that personal credit card – and yourself.

Among other things, you're increasing the odds that something goes wrong with identity theft, you're making it harder to keep business and personal expenses separate and you're missing out on chances to save money and earn rewards on business expenses. Better hope that charmed life really is a thing...

So, there you have it, we agree with the naysayers – it would be ridiculous to get a business credit card.

P.S. We know there are at least a few folks out there who, in spite of all the reasons above, are still interested in making a business credit card part of their small business success, so we went ahead and curated a list of the best small business credit cards. You know, for those of you who are interested in that kind of thing.