



## Contractors and the Self-Employed: You Should Absolutely Have a Business Credit Card

### Description

I know what you're thinking. *Another* credit card? You already have a [cash back card](#) for groceries, a [travel card](#) for miles, and a [rewards card](#) for points. Do you really need a credit card if you're self-employed?

Definitely. Take it from someone who's self-employed: a business credit card can help you build business credit, finance major business expenses, and stay organized. If you're on the fence about getting a business card, here are a few reasons you should just do it.

### Keep your personal and business spending separate

Perhaps the best reason to have a small business credit card is to keep your small business expenses separate from your personal ones.

This was the biggest mistake I made in my first few months of freelancing. I basically put *all* of my expenses on the same [cash-back credit card](#): marketing expenses, gas, subscriptions, Internet, cell phone, groceries, office furniture, paper, you name it, I put it on the same credit card.

At first that was fine. I was earning more cash back than I had ever earned before. But then tax season came around, and I realized it was extremely difficult to separate my freelance expenses from my personal ones.

Not only that, but it became difficult to determine how much cash was flowing through my freelance business. I had multiple subscriptions going on at once (SEO tools, grammar correction, etc.), and I wasn't keeping track of how much money was leaving my account versus how much was coming in.

Then I got the small business credit card. Now, when I'm buying something for my freelance business, I know which credit card I'm using. And this year, pulling my business expenses was simple: I just looked at my business credit card account, and all my expenses were there.

## Earn cash back and points

Another reason to get a business credit card is to earn [rewards](#) or [cash back](#).

Business cards work like personal cards: every charge you make will earn a small percent back. The earn rate is typically lower on business cards than personal cards, but it's lower for a reason: many business owners will likely spend more money on their business than their household budget, meaning their earnings can get exceedingly high.

But that doesn't mean the earn rates are ridiculously low. You can often find business cards with earn rates of 2%. And often, small business cards will offer you bonus rates that no consumer card will ever offer, such as more earnings on office supplies or advertising expenses.

## Build business credit

Just as you have a credit history for your personal finances, your business (or freelance services) could have a business credit report, too. A strong business credit report can help you secure lines of credit or loans for your business, not to mention secure low interest rates.

But to build business credit, you need — yes — a business credit card, one that reports your credit activities to credit bureaus.

Similar to consumer credit cards, a business credit card helps you build a strong credit report when you pay your debts on time, maintain a low credit utilization ratio, and use your credit card for a long period of time. As long as you're using your small business credit card responsibly, you'll appear less risky to credit bureaus.

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