

**Robin M. Gronsky**

Attorney at Law

315 North Pleasant Avenue  
Ridgewood, New Jersey 07450  
RGronsky@GronskyLaw.com

(201) 251-8001

Fax (201) 701-0407

**Is Your Business Using a Personal Credit Card  
Or a Business Credit Card to Pay for Business Expenses?**

Most of us use credit cards in our personal lives. As a business owner, do you have a business credit card? Or do you use your personal credit card for business expenses?

Business credit cards are good for tracking your business expenses. Remember, your income tax liability is influenced by how much income you make versus how many business expenses you can deduct. When you use a business credit card for all of your business purchases, you have a way to track most of your business expenses. This way, you can maximize your deductions.

Moreover, when you use a business credit card for your small business' expenses and not your personal credit card, you are showing the world another way in which your corporation or LLC is a separate entity from you personally. This can be important if your company is ever sued and the plaintiff tries to pierce the corporate veil and sue you personally.

In addition, when you use a business credit card for your small business, you can start to build a credit history for your business. If you ever want to get a loan from a bank for the business or establish credit with a new vendor, you can show them your credit history and hopefully get the credit you are requesting at a better rate.

If you have employees, you can obtain credit cards for them with pre-set spending limits. This allows them to charge their reimbursable business expenses to your business without them running up their personal expenses on your business' card. However, you may also choose to have them use their own credit cards for their business expenses and request reimbursement from you after their statements come in.

Be aware that business credit cards do not carry the same protections as personal credit cards. The Credit Card Act of 2009 protections do not apply to business credit cards. Therefore, the interest rate on your business credit card can be increased without prior notice. You can be charged big fees if you exceed your credit limit. And the card issuer can raise the interest rate on its card if you are late in paying another issuer's card.

Business credit cards have names like "Small Business" or "Professional" to distinguish them from personal credit cards. If you use your business credit cards smartly, by charging only business expenses on them and paying them off in full each month, you can reap the benefits of using them without getting stuck with the disadvantages.

Contact me at [Rgronsky@GronskyLaw.com](mailto:Rgronsky@GronskyLaw.com) or 201-251-8001 to find out how Gronsky Law can help your business in New Jersey with its legal problems. I return emails and phone calls promptly and answer all of your questions so you have peace of mind about your legal questions.