

Business Credit Cards: How Do You Choose?

Contributed by Webmaster

By Dee Power

You need to ask yourself several questions to decide what kind of business credit card is best for you and your business.

What will you use the card for?

If it's for every day purchases and conveniences then a card that has rewards might be more attractive to you. Some cards offer a yearly summarization of purchases by category which can help you budget as well.

Will you pay off the card every month?

If so, a high interest rate isn't as important since there won't be a balance. Try to get a card that doesn't charge an annual fee. You also want a card that doesn't charge interest from the date of purchase, or one that has a grace period of up to 30 days before interest charges begin. If you carry a balance every month or plan on transferring another card's balance to your new card, then low interest rates are important.

Will you be using the cash advance feature a lot?

Then obviously you want a card that doesn't have restrictions on how much or how often you can get cash. You also want a card that doesn't have additional fees associated with cash advances, or a per transaction fee. Some credit cards also charge a higher interest rate on the cash advances to compensate for missing the merchant fees from purchases. Many cards apply payments to those charges that have the least amount of interest being generated first and don't apply the payments to the cash advance portion until everything else is paid.

Do you travel?

If your schedule includes a lot of travel you might want to consider a card that has a cash back feature. Hotels, restaurant meals and airline tickets can add up fast. Of course keep in mind the interest rate as well, unless you pay off the balance every month. Some airlines offer their own branded credit card under the Visa or Mastercard logo and then offer bonus mileage whenever you use their card.

When you apply for a credit card no matter which one, you need to look carefully at and understand the terms for the credit card. Make sure you know what the interest rate is, the annual fees, transaction fees, and any balance transfer fee. It's also important to know when the interest charges start, how a late fee is calculated and the penalties if any of late payment.

Establishing credit for your company through a business credit card is an important step.

Dee Power is the author of several nonfiction books. Find out more about business financing and credit cards or debt management