



For Businesses Large and Small

Credit Learning Center



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The plastic is the same, but the size of your company may determine what card is best.



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Credit Cards for Businesses

For Businesses Large and Small by Kyle May

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As credit cards have taken a very firm hold in the population, creditors have not missed the opportunities both small businesses and corporations provide. However, there is a very large difference between small businesses and corporations. Small business cards are easy to come by but they are limited to helping small businesses. Corporation cards are harder to come by and help out corporations, but there are quite a few hoops to jump through. Since these two worlds are so confusing we are going to take a look at both small business cards and corporation cards.



Let's start with Corporation credit cards since they are the least talked about credit card. The first thing that should be brought to light is that a Corporation credit card is not issued to individual people. Instead they are issued to the very corporation and merely used by people within the industry. The federal laws consider a corporation an entity and therefore hold the corporation liable for the payments.

Obtaining a corporation credit card is a little different than any other type of card. Instead of finding one that looks good and applying for it, a representative of the corporation must contact the credit card company and actually negotiate terms. This works well for both parties involved as the credit card can be catered to the needs of the corporation and the creditors at the same time. Once terms have been reached credit cards will be issued to employees who may make purchases on behalf of the corporation. That might seem a little confusing, but because of federal laws holding a corporation as a responsible financial body.

The biggest way that corporate credit cards differ from small business cards is the way the payments are made. With a large corporation you could imagine how confusing it would be for the accountants if they got hundreds of bills for each individual employee for travel expenses and hotels and the like. So instead of operating like a normal credit card the billing is a lot different. With a Corporate credit card they only receive one bill, but it is broken down like an expense report. Charges are separated by the type of charge, the employee charging them and by date. This helps a great deal when it comes to tracking the corporation's **expenses**. But it still isn't very easy. In most cases the use of extremely complex software is needed to make heads or tails out of a corporation that is even remotely large.

Small business cards on the other hand are much easier to negotiate. But not everyone is familiar with them, especially if you are hunting for your first one, so let's talk about them a bit. These types of cards are designed specifically for small businesses. One of the big differences between corporation cards and small business cards is who is responsible. As you learned above corporations are considered entities and therefore people within the corporation are obligated to reimburse, but not truly responsible. However, once the card is approved, a small business owner is personally responsible for the new account.

This is a little tricky. Employees under the business owner may be added as "authorized users" but that doesn't link them in any way to the responsibility of such accounts. That weight falls fully on the shoulders of the business owner. Also it is a little different because owners and managers may have to provide their personal information, SSN and credit checks, if the business doesn't have any previous credit history established.

Small business credit cards do differ here and there, but for the most part they provide the same great services. Some of these include: low APR, expense reporting and high lines of credit. These are all great things to help a small business flourish. Most of the small business cards are going to differ in their rewards category, if they have one. Some of the cards will offer cash back programs, frequent flyer miles or discounts at certain merchants. These are also things that can help a small business.

These cards are a lot easier to obtain than corporate credit cards. A small business owner can apply by mail, phone or online. The creditor will receive this application and determine whether or not to issue the card. Once they have agreed, the card is then issued. There are some great benefits associated with small business cards so let's at least list those. As we already stated they are easy to apply to. They have a greater emergency protection if needed. They have extremely high lines of credit and sometimes can come with no limit at all. Most of them also come with the ability to earn bonus points or reward incentives. Most importantly though, they provide easy record keeping and extended cash flow.

So as you can see there is a very large difference between small business credit cards and corporation credit cards. However, the choice is yours to make. Each card will help its respective type of business, but be careful not to judge your business wrong one way or the other. A small business might end up hurting itself with a corporation card and a corporation might not find any help at all with a small business card.