

Why is it important to have a separate Business Checking Account?

Having a separate checking account for your business can be beneficial for many reasons. Other than being required for LLCs and Corporations, it helps further differentiate your business as a separate, stand-alone business entity. Which, for many business owners – creating a separate business entity and limiting personal liabilities, was of utmost importance. When you have a separate business entity – the facts and circumstances must also exist to substantiate the business entity as separate from your other personal assets. Having a separate business checking account is a must to support your business as a separate legal entity.

It also improves your ability to properly maintain your financial records. It helps separate your business and personal spending. It also assists with more complete bookkeeping – as it is more difficult to “forget” business expenses and income, creating a clearer picture of your business’ financial health. If personal and business transactions are comingled, you have to weed through all of your expenditures rather than only your business transactions, which would result in a much more time-consuming endeavor.

You can set up your business checking account as soon as you have registered your business with your state and have obtained an EIN (if needed)!