



Advantages of Paying Expenses by Credit Card

If you are one of those disciplined individuals who pay their credit card bills in full each month, avoiding monthly interest or finance charges, you can obtain significant benefits by charging as many of your expenditures as possible. Here are some tips on how to get the most out of your credit cards:

- Maximize your use of cards that pay rewards, either as miles, points, or cash back, which are currently tax-free. Setting up automatic payments charged to your credit card for such monthly expenses as cell phone bills, cable bills, and car insurance premiums saves you the worry of making sure these routine bills are paid on time, while allowing you to earn rewards on the payments
- By charging your expenses, you create a financial paper trail that can be very useful when tax time comes. Not only can it help save you money on taxes, but it can also assist you in budgeting.
- Obtain a year-end or annual credit card summary for each of your credit card accounts. Although a printed copy is useful, downloading the report into a CSV or Excel file format that you can e-mail to your accountant is even more helpful. This allows your accountant to sort the charges and organize them into categories. The spreadsheet can be rapidly scanned for tax deductions, and questions can be asked about potential medical, charity and business expenses that might otherwise be inadvertently overlooked. It can also be useful for spotting wasteful spending or alerting a client to repetitive monthly charges for subscriptions or other items that may no longer be necessary.
- Be aware that all credit cards provide dispute services if there is a problem with a merchant and many even offer buyer protection for certain purchases.