Opening a business account can help you manage and grow your business. Not to mention, companies that are separate legal entities are required to open business bank accounts.

When you separate your business and personal funds, you can determine how your business is doing. You will have an idea of exactly how much money your business has, which helps you create an accurate small business budget and [project cash flow](https://www.patriotsoftware.com/accounting/training/blog/how-to-project-your-cash-flow/).

Tracking income and expenses is difficult when you have mixed funds. But when you open a business bank account, you can more accurately use your bank statement to create a paper trail. And, you can compare your accounting books to your bank statement through [bank statement reconciliatio](https://www.patriotsoftware.com/accounting/training/blog/bank-statement-reconciliation/)n without having to weed through your personal funds.

If you claim business tax deductions, you need to have records backing up your claims. Mixing personal and business finances makes it difficult to prove which expenses are business and which are personal, which can trigger an IRS audit.

**1. Choose a Bank**

The first step of setting up a business account is deciding on a bank. You need to find a bank that meets your business’s needs, which means you need to identify what you’re looking for in a business account.

* Are you looking for a bank that will provide a line of credit? Do you need specific features like cash management, deposit reconciliation, payroll services, or mobile check deposit services? Consider your business’s immediate needs, as well as what you may need down the road.
* Opening and managing an account is free at some banks, as long as you maintain a certain balance. Ask around to see what the minimum balance requirements are at each bank.
* You should also take into consideration whether or not earning interest on the funds in your account is important to you. And, some banks might offer cash bonuses.
* You might get special deals if you open a business bank account at the same bank that manages your personal accounts. Managing personal and business accounts at one bank also simplifies your responsibilities so you don’t have to go from bank to bank. However, if your goal is to keep your business and personal accounts separate be sure to ask will your accounts be linked. If so, you may want to open your business account at another bank.

- Determine what you need your business bank account to do. And, check

with multiple banks before picking one. Bottom line you want a bank

that can meet your small business needs and overtime you big

business needs.

**2. Prepare Documents**

The next step of opening a business account is to get your papers in order.

Make sure you obtain taxpayer identification numbers, business licenses, business name filing documents, Articles of Incorporation, or Articles of Organization before you try to open a business bank account.

* The materials you need largely depend on your [business structure](https://www.patriotsoftware.com/accounting/training/blog/a-guide-to-basic-business-structures/).
* All businesses need a taxpayer identification number (Employer Identification Number) to open a business bank account. If you own a partnership, corporation, or if you have employees, you will need to have an EIN.
* You will need your business documents you received when you setup your business.

1. **Sole proprietorships**

* Social Security number or Employer Identification Number (EIN)
* Business license or business name filing document

1. **Partnerships**

* Employer Identification Number
* Partnership agreement
* Business name filing document

1. **Corporations**

* Employer Identification Number
* Articles of Incorporation.
* Some banks will require all Directors listed on your articles to also be on the account. Verify once you have decided on the bank you want to do business with.

1. **LLCs**

* Social Security number or Employer Identification Number
* Articles of Organization
* Some banks will require all Directors listed on your articles to also be on the account. Verify once you have decided on the bank you want to do business with

**3. Verify everything is correct**

Once you reach this step, your business bank account is set up! However, you need to make sure everything went through successfully.

* If you opened a business checking account, make sure the names on the checks match your business’s legal name, not your doing business as (DBA) name.
* Make sure your deposits go through. Track the funds coming in and out of your account to make sure everything runs smoothly.
* Make sure you have online banking.
* Order a business debit card.
* Get your temporary checks and go to an online vendor to order business checks.
* Be sure to use a business address (see setup business section).

1. **Banking Contact**

* Get the contact information for your business banker. This is who you want to build a relationship with over time as your business grows to help you meet your growing business needs.