

Don't Treat Your Small Race Team Like a Hobby—Run It Like a Business

Build credibility. Attract sponsors. Run the team like a serious operation.



This page gives small racing teams a practical business-focused overview. It is a starting point only; George & Co is here to help, give us a call before choosing a structure, claiming deductions, or making financial or legal decisions.

For many small racing teams, operating as a business can make the team look more professional, easier to manage, and more appealing to sponsors. Instead of treating the program like a casual hobby, a formal structure helps organize finances, clarify

responsibilities, and strengthen the team's image with sponsors, vendors, tracks, and partners.

Ready to turn laps into a stronger brand? Start with structure, records, and a sponsor-ready presentation.

Potential Tax and Recordkeeping Benefits

If the team is run with a real intent to make a profit, certain ordinary and necessary business expenses may be deductible. For a racing team, that could include things like entry fees, parts, safety equipment, fuel, travel, promotional materials, shop supplies, or professional services, depending on the facts and applicable tax rules.

Good recordkeeping matters because tax authorities may look closely at whether the team is being run as a business or as a hobby. Keeping accurate books, using a separate bank account, having a business plan, promoting the team, seeking sponsor revenue, and making changes to improve profitability can all help show that the operation is being handled in a businesslike way.

Professional Recognition for Sponsors



Sponsors are usually more comfortable backing a team that looks organized and professional instead of one that feels like an informal side project. A business name, logo, sponsorship proposal, invoices, receipts, and clear sponsorship packages can make the relationship feel more legitimate and easier for a sponsor to support.

A formal team structure also helps sponsors understand what they get in return, such as vehicle decals, social media mentions, event appearances, apparel branding, website placement, or customer engagement opportunities. That can shift sponsorship from a simple donation into a clearer marketing partnership.

Other Practical Benefits

- **Separation of finances:** A business bank account can make it easier to track racing income and expenses separately from personal spending.
- **Credibility with vendors:** Parts suppliers, tracks, insurers, media outlets, and event organizers may take the team more seriously when it operates under a formal business name.

- **Clearer ownership and responsibilities:** Written agreements can help define who owns equipment, who pays expenses, how prize money is handled, and what happens if a team member leaves.
- **Better budgeting:** A business approach encourages planning for race entries, maintenance, travel, marketing, repairs, and sponsor deliverables.
- **Brand-building:** A formal team identity can support merchandise, social media growth, fan engagement, and long-term sponsor relationships.
- **Liability planning:** Depending on the structure chosen, a business entity may help separate some business obligations from personal affairs, though this depends on state law, contracts, insurance, and how the business is operated.

Why It Matters

Organizing a racing team as a business does not automatically guarantee tax deductions, sponsor money, or liability protection. But it can give the team the structure it needs to operate more professionally, document expenses properly, show value to sponsors, and make better long-term decisions. For a small racing team trying to grow, that foundation can matter just as much as performance on the track.

Next step: Build a sponsor deck, set up clean books, and present the team as a professional marketing partner. **Ready to get started?** Contact George & Co Business Consulting, PLC to discuss the next moves for your racing team.