

Does The SBA Consider Me A Small Business? Important Information to Know For COVID-19 Relief

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There is an important question every business should be asking itself right now: “Does my business qualify as a small business?” For some businesses, this is a fairly simple analysis, but for others it is much more complex. Please note that this blog is specific to SBA size standards- different COVID-19 relief programs may reference different standards.

The first thing you need to know is what are your company’s annual receipts? The SBA considers receipts to mean “all revenue in whatever form received or accrued from whatever source, including from the sales of products or services, interest, dividend, rents, royalties, fees, or commissions, reduced by returns and allowances.” 13 C.F.R. §121.104. Like many regulations, there can be a more in-depth analysis, but this is the basic number that you need to know. You should also have handy your total number of employees, which includes all individuals employed full-time, part-time or on any other basis, including temps. 13 C.F.R. §121.106.

The SBA’s size standards vary by industry. You should determine your NAICS (North American Industry Classification Systems) code if you don’t already know it. Some NAICS codes will go by the average annual receipts (ranging in maximum receipts from \$1 million up to \$41.5 million, depending on industry), while others are based on total number of employees (ranging from 100-1500, depending on the industry).

The SBA provides both a tool and a table to determine if your company is below the maximum size standards. Links to both can be found at: <https://www.sba.gov/document/support-table-size-standards>

Please also consider whether your business is affiliated with any other businesses. If the SBA finds an affiliation, it would combine the two (or more) businesses for purposes of determining gross receipts or total employees, which could make you exceed the size limits. This can be a complicated analysis, and will be the subject of an upcoming blog post.

For additional information, contact the Tucker Arensberg COVID Response Team.