

## What Is An NAICS Code And How Is It Used?

Articles, COVID 19: Answers to Business Challenges May 4, 2020

During various discussions throughout the COVID-19 situation, you may have heard the mention of NAICS codes with relation to SBA loans. Maybe you were wondering “what is an NAICS code? Does my business have one?”

NAICS stands for North American Industry Classification System, and it is used throughout North America to classify businesses with a six digit number based on the primary type of work the business performs. You can find the NAICS code that most closely matches your business here: <https://www.naics.com/search/>.

NAICS codes are used for many purposes, but one of the most important is that the Small Business Administration uses them to set size standards for particular businesses to be considered “small” in order to qualify for various small business-related programs. The SBA’s table of size standards, based on NAICS codes, can be found here: <https://www.sba.gov/document/support-table-size-standards>. You’ll note that in certain industries, size standards are based on gross receipts, while in other industries it is based on total number of employees. You’ll also see that the sizes can vary widely.

Some examples of when your company’s NAICS code may also be important:

- To compete for government purchase contracts or grants (both federal and state);
- To obtain disadvantaged business enterprise (DBE) certification, you need to meet the SBA size standards for your NAICS code, and you obtain certification for your particular code(s) only;
- To become SBA certified;
- To become a VA-certified veteran owned small business (VOSB) or a service-disabled veteran owned small business (SDVOSB);
- To become a woman owned small business (WOSB); or
- It may be used when applying for commercial loans, to compare your business to similar businesses.

If you have any questions about your NAICS numbers or how they may affect your business, please feel free to reach out to me.