

§ 121.106

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association, trust or cooperative, except that where the form is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture.

(c) A firm will not be treated as a separate business concern if a substantial portion of its assets and/or liabilities are the same as those of a predecessor entity. In such a case, the annual receipts and employees of the predecessor will be taken into account in determining size.

[61 FR 3286, Jan. 31, 1996, as amended at 70 FR 51248, Aug. 30, 2005]

§ 121.106 How does SBA calculate number of employees?

(a) In determining a concern's number of employees, SBA counts all individuals employed on a full-time, part-time, or other basis. This includes employees obtained from a temporary employee agency, professional employee organization or leasing concern. SBA will consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes, in determining whether individuals are employees of a concern. Volunteers (*i.e.*, individuals who receive no compensation, including no in-kind compensation, for work performed) are not considered employees.

(b) Where the size standard is number of employees, the method for determining a concern's size includes the following principles:

(1) The average number of employees of the concern is used (including the employees of its domestic and foreign affiliates) based upon numbers of employees for each of the pay periods for the preceding completed 12 calendar months.

(2) Part-time and temporary employees are counted the same as full-time employees.

(3) If a concern has not been in business for 12 months, the average number of employees is used for each of the pay periods during which it has been in business.

(4)(i) The average number of employees of a business concern with affiliates is calculated by adding the average number of employees of the business

concern with the average number of employees of each affiliate. If a concern has acquired an affiliate or been acquired as an affiliate during the applicable period of measurement or before the date on which it self-certified as small, the employees counted in determining size status include the employees of the acquired or acquiring concern. Furthermore, this aggregation applies for the entire period of measurement, not just the period after the affiliation arose.

(ii) The employees of a former affiliate are not counted if affiliation ceased before the date used for determining size. This exclusion of employees of a former affiliate applies during the entire period of measurement, rather than only for the period after which affiliation ceased.

[61 FR 3286, Jan. 31, 1996, as amended at 69 FR 29203, May 21, 2004]

§ 121.107 How does SBA determine a concern's "primary industry"?

In determining the primary industry in which a concern or a concern combined with its affiliates is engaged, SBA considers the distribution of receipts, employees and costs of doing business among the different industries in which business operations occurred for the most recently completed fiscal year. SBA may also consider other factors, such as the distribution of patents, contract awards, and assets.

§ 121.108 What are the penalties for misrepresentation of size status?

In addition to other laws which may be applicable, section 16(d) of the Small Business Act, 15 U.S.C. 645(d), provides severe criminal penalties for knowingly misrepresenting the small business size status of a concern in connection with procurement programs. Section 16(a) of the Act also provides, in part, for criminal penalties for knowingly making false statements or misrepresentations to SBA for the purpose of influencing in any way the actions of the Agency.

Small Business Administration

§ 121.201

SIZE STANDARDS USED TO DEFINE
SMALL BUSINESS CONCERNS

§ 121.201 What size standards has SBA identified by North American Industry Classification System codes?

The size standards described in this section apply to all SBA programs unless otherwise specified in this part.

The size standards themselves are expressed either in number of employees or annual receipts in millions of dollars, unless otherwise specified. The number of employees or annual receipts indicates the maximum allowed for a concern and its affiliates to be considered small.

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
Sector 11—Agriculture, Forestry, Fishing and Hunting			
Subsector 111—Crop Production			
111110	Soybean Farming	\$0.75	
111120	Oilseed (except Soybean) Farming	\$0.75	
111130	Dry Pea and Bean Farming	\$0.75	
111140	Wheat Farming	\$0.75	
111150	Corn Farming	\$0.75	
111160	Rice Farming	\$0.75	
111191	Oilseed and Grain Combination Farming	\$0.75	
111199	All Other Grain Farming	\$0.75	
112121	Potato Farming	\$0.75	
112129	Other Vegetable (except Potato) and Melon Farming	\$0.75	
11310	Orange Groves	\$0.75	
11320	Citrus (except Orange) Groves	\$0.75	
11331	Apple Orchards	\$0.75	
11332	Grape Vineyards	\$0.75	
11333	Strawberry Farming	\$0.75	
11334	Berry (except Strawberry) Farming	\$0.75	
11335	Tree Nut Farming	\$0.75	
11336	Fruit and Tree Nut Combination Farming	\$0.75	
11339	Other Noncitrus Fruit Farming	\$0.75	
11411	Mushroom Production	\$0.75	
11419	Other Food Crops Grown Under Cover	\$0.75	
11421	Nursery and Tree Production	\$0.75	
11422	Floriculture Production	\$0.75	
11910	Tobacco Farming	\$0.75	
11920	Cotton Farming	\$0.75	
11930	Sugarcane Farming	\$0.75	
11940	Hay Farming	\$0.75	
11991	Sugar Beet Farming	\$0.75	
11992	Peanut Farming	\$0.75	
11998	All Other Miscellaneous Crop Farming	\$0.75	
Subsector 112—Animal Production			
11211	Beef Cattle Ranching and Farming	\$0.75	
11212	Cattle Feedlots	\$2.00	
112120	Dairy Cattle and Milk Production	\$0.75	
112210	Hog and Pig Farming	\$0.75	
112310	Chicken Egg Production	\$11.5	
112320	Broilers and Other Meat Type Chicken Production	\$0.75	
112330	Turkey Production	\$0.75	
112340	Poultry Hatcheries	\$0.75	
112390	Other Poultry Production	\$0.75	
112410	Sheep Farming	\$0.75	
112420	Goat Farming	\$0.75	
112511	Finfish Farming and Fish Hatcheries	\$0.75	
112512	Shellfish Farming	\$0.75	
112519	Other Animal Aquaculture	\$0.75	
112910	Apiculture	\$0.75	
112920	Horse and Other Equine Production	\$0.75	
112930	Fur-Bearing Animal and Rabbit Production	\$0.75	
112990	All Other Animal Production	\$0.75	
Subsector 113—Forestry and Logging			
113110	Timber Tract Operations	\$6.5	