



Small Business, Enterprise and Employment Act 2015

2015 CHAPTER 26

PART 2

REGULATORY REFORM

Definitions of small and micro business

33 Definitions of small and micro business

- (1) This section applies where any subordinate legislation made by a Minister of the Crown (the “underlying provision”)—
 - (a) uses the term “small business” or “micro business”, and
 - (b) defines that term by reference to this section.
- (2) In the underlying provision “small business” means an undertaking other than a micro business (see subsection (3)) which meets the following conditions (“the small business size conditions”)—
 - (a) it has a headcount of staff of less than 50, and
 - (b) it has—
 - (i) a turnover, or
 - (ii) a balance sheet total,of an amount less than or equal to the small business threshold.
- (3) In the underlying provision “micro business” means an undertaking which meets the following conditions (“the micro business size conditions”)—
 - (a) it has a headcount of staff of less than 10, and
 - (b) it has—
 - (i) a turnover, or
 - (ii) a balance sheet total,of an amount less than or equal to the micro business threshold.

Changes to legislation: There are currently no known outstanding effects for the Small Business, Enterprise and Employment Act 2015, Cross Heading: Definitions of small and micro business. (See end of Document for details)

- (4) The Secretary of State may by regulations (referred to as “the small and micro business regulations”) make further provision about the meanings of “small business” and “micro business”.
- (5) This section and the small and micro business regulations are to be read subject to any modifications made by the underlying provision in any particular case.
- (6) In this section—
- “balance sheet total”, “headcount of staff”, “micro business threshold”, “small business threshold” and “turnover” have such meanings as may be prescribed by the small and micro business regulations;
 - “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975;
 - “subordinate legislation” has the same meaning as in the Interpretation Act 1978 (see section 21 of that Act);
 - “undertaking” means—
 - (a) a person carrying on one or more businesses;
 - (b) a voluntary or community body within the meaning given by ^{F1}section 29(5)];
 - (c) a body which is formed or recognised under the law of a country or territory outside the United Kingdom and which is equivalent in nature to a body falling within the definition of voluntary or community body.
- (7) The small and micro business regulations are subject to negative resolution procedure.

Textual Amendments

- F1** Words in s. 33(6) substituted (29.8.2023) by [Retained EU Law \(Revocation and Reform\) Act 2023](#) (c. 28), [ss. 18\(4\), 22\(2\)](#)

Modifications etc. (not altering text)

- C1** [S. 33](#) applied (with modifications) by 2007 c. 18, s. 45D(14) (as inserted (1.5.2018) by [Digital Economy Act 2017](#) (c. 30), [ss. 80, 118\(4\)](#); S.I. 2018/382, [reg. 3\(II\)](#))
- C2** [S. 33\(3\)\(6\)](#) modified (1.4.2017) by S.I. 2009/2268, [reg. 3A\(5\)](#) (as inserted (E.W.S.) (with application in accordance with [reg. 2](#) of the amending S.I.) by [The Non-Domestic Rating \(Alteration of Lists and Appeals\) \(England\) \(Amendment\) Regulations 2017](#) (S.I. 2017/155), [regs. 1\(2\), 6](#) (with [reg. 22](#)))

Commencement Information

- I1** [S. 33\(4\)\(6\)\(7\)](#) in force at 26.5.2015 by S.I. 2015/1329, [reg. 2\(c\)](#)

34 Small and micro business regulations: further provision

- (1) The small and micro business regulations may make provision—
- (a) about the calculation of the headcount of staff, turnover and balance sheet total of an undertaking, including provision about the period (“assessment period”) in respect of which they are to be calculated;
 - (b) for the headcount of staff, turnover and balance sheet total, or a proportion of such, of any undertaking which satisfies such conditions as may be prescribed in relation to another undertaking (the “principal undertaking”) to be treated as part of the principal undertaking’s headcount of staff, turnover and balance sheet total.

Changes to legislation: There are currently no known outstanding effects for the Small Business, Enterprise and Employment Act 2015, Cross Heading: Definitions of small and micro business. (See end of Document for details)

- (2) Conditions which may be prescribed under subsection (1)(b) include, in particular, conditions relating to—
 - (a) the extent of ownership (whether direct or indirect) of one undertaking by one or more other undertakings;
 - (b) the degree of control exercised (whether directly or indirectly) by one or more undertakings over another.
- (3) The small and micro business regulations may make provision about—
 - (a) the assessment period or periods in respect of which an undertaking must meet the small business size conditions or the micro business size conditions in order to be a small business or (as the case may be) micro business;
 - (b) the circumstances in which an undertaking which has been established for less than a complete assessment period is to be regarded as meeting the small business size conditions or the micro business size conditions.
- (4) Provision made by virtue of subsection (3) may, in particular, provide that—
 - (a) an undertaking is a small business or a micro business if it meets the relevant size conditions in respect of each of its two most recent assessment periods;
 - (b) where there has been only one complete assessment period since an undertaking was established, the undertaking is a small business or a micro business if it meets the relevant size conditions in respect of that period;
 - (c) an undertaking which is a small business or a micro business does not cease to be such unless it fails to meet the relevant size conditions in respect of two consecutive assessment periods.
- (5) The small and micro business regulations may make provision for one undertaking (“undertaking A”) which satisfies such conditions as may be prescribed in relation to another undertaking (“undertaking B”), to be treated as being undertaking B (whether or not undertaking B is still in existence) for such purposes as may be prescribed.
- (6) Conditions which may be prescribed under subsection (5) include, in particular, conditions relating to—
 - (a) the transfer of a business from undertaking B to undertaking A;
 - (b) the carrying on by undertaking A of a business on undertaking B ceasing to carry on the activities, or most of the activities, of which the business consists in consequence of arrangements involving both undertakings;
 - (c) the existence of some other connection between undertaking A and undertaking B.
- (7) The purposes which may be prescribed under subsection (5) include, in particular—
 - (a) determining the date on which undertaking A was established (and so the number of assessment periods there have been since it was established);
 - (b) determining which periods are assessment periods in respect of undertaking A;
 - (c) calculating the headcount of staff, turnover and balance sheet total of undertaking A.
- (8) The small and micro business regulations may provide that an undertaking of such description as may be prescribed is not a small business or a micro business even if it falls within the relevant definition.
- (9) In this section—

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“micro business size conditions”, “small business size conditions” and “undertaking” have the same meanings as in section 33;

“prescribed” means prescribed in the small and micro business regulations.

Commencement Information

I2 S. 34 in force at 26.5.2015 by S.I. 2015/1329, reg. 2(d)

Changes to legislation:

There are currently no known outstanding effects for the Small Business, Enterprise and Employment Act 2015, Cross Heading: Definitions of small and micro business.