

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: REGULATORY REFORM

Definition of small and micro business

Section 33: Definitions of small and micro business

232. This section provides for statutory definitions of the terms “small business” and “micro business”. Subsections (2) and (3) set out basic definitions by reference to staff headcount and other conditions, and subsection (4) gives the Secretary of State powers to make regulations further defining these terms. It is intended that the approach to defining these terms will closely follow the approach of EU Commission Recommendation 2003/361/EC to defining “small enterprise” and “microenterprise”. Regulations made under this section will be subject to the negative procedure (see subsection (7)).
233. Subsection (6) defines expressions used in this section. Among other things, it defines the term “undertaking”, which is used in the definitions of “small business” and “micro business”. Undertakings comprise individuals, companies, and other entities carrying on a business – and also community and voluntary bodies, as defined in section 27 but also including foreign equivalents.
234. Subsection (1) enables the definitions of “small business” and “micro business” to be relied on in subordinate legislation made by UK Ministers, and this could occur for example where smaller businesses are exempted from new regulatory obligations. Subsection (5) enables such subordinate legislation to rely on modified versions of the definitions.