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BUSINESSES

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Dec. 30, 2019



In early December, the [U.S. Small Business Administration](#) published in the *Federal Register* a [final rule](#) to modify its method for calculating annual revenues used to prescribe size standards for small businesses. The final rule is effective Jan. 6, 2020.

The SBA changed its regulations on the calculation of annual revenues from a three-year averaging period to a five-year averaging period, outside of the SBA Business

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The intent of the law was to allow small business government contractors more time to prepare for the transition to the full and open market after they exceed the size standard.

While the law changed the averaging period for calculating annual revenues of businesses in services industries from three years to five years, the law did not address the averaging period for calculating the size of other businesses. To promote consistency, the SBA is adopting a five-year averaging period for all of the SBA's and other agencies' revenue-based size standards, regardless of whether the industry is for services.

As noted above, this change will not apply to the SBA Business Loan and Disaster Loan Programs. The SBA will seek comment, through a separate rulemaking, on the appropriate averaging period for the SBA Business Loan and Disaster Loan Programs.

For more information about the SBA's revisions to its small business size standards for various industry sectors, visit <http://www.sba.gov/size>.

Small Business

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