SMEs in USA

Definition

Small Business Administration (SBA) defines a small business concern as one that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period.

Examples of SBA general size standards include the following:

- **Manufacturing**: Maximum number of employees may range from 500 to 1500, depending on the type of product manufactured;
- **Wholesaling**: Maximum number of employees may range from 100 to 500 depending on the particular product being provided;
- **Services**: Annual receipts may not exceed $2.5 to $21.5 million, depending on the particular service being provided;
- **Retailing**: Annual receipts may not exceed $5.0 to $21.0 million, depending on the particular product being provided;
- **General and Heavy Construction**: General construction annual receipts may not exceed $13.5 to $17 million, depending on the type of construction;
- **Special Trade Construction**: Annual receipts may not exceed $7 million; and
- **Agriculture**: Annual receipts may not exceed $0.5 to $9.0 million, depending on the agricultural product.

More Capital in the Hands of Entrepreneurs and Small Business Owners

- Small Business Administration (SBA) Enhanced Loan Provisions – more than $12 billion in lending support.
- Higher Loan Limits – increased maximum loan sizes in top loan programs.
- Alternate Size Standards – more small businesses eligible to get SBA loans.
• Temporarily Allow for Commercial Real Estate Refinancing.
• Dealer Floor Plan (DFP) Pilot Program
  ▪ Building on the agency’s previous DFP pilot program, the new pilot will expand financing opportunities for small businesses that sell cars, RVs, boats, other titleable inventory.
• Small Business “Intermediary” Lending Pilot Program
  ▪ Funding up to $20 million per year over the next three years for a pilot program that leverages local nonprofit organizations and other organizations that help small businesses that need loans up to $200,000.

To Strengthens Small Businesses’ Ability to Compete for and Win Contracts
• Equal Treatment across Federal Contracting Programs.
• More Opportunities for Small Businesses
• Combating Fraud, Waste and Abuse
  ▪ The law establishes a legal standing of “presumption of loss” when a business misrepresents its ownership status or size in winning a government contract. This allows a federal agency to claim a loss on the purchase, enabling those agencies, including the Department of Justice, to vigorously pursue fraudulent firms.
  ▪ The law holds large prime contractors more accountable to their own subcontracting plans by requiring written justification when plans aren’t met and when small business subcontractors aren’t paid on time. This helps eliminate “bait-and-switch” tactics that occur when large primes – after winning the prime contract – don’t follow through with their own plans to give subcontracts to small businesses.
• Major Investment in Counseling and Training

To Promote Small Business Exporting
• Higher Loan Limits – increased maximum size of top export loan program
Export Express Loan Programme.
State Trade and Export Promotion Grants - States help small business owners with exporting grants.
Increased Staff and Additional Export Counseling Resources.

**$12 Billion Provided as Tax Relief to Help Small Businesses Invest in their Firms, Create Jobs**

- Extension, Expansion of Tax Cuts – 8 Small Business Tax Cuts
  1. Increased the small business expensing limit to $500,000.
  2. Made a permanent change to allow qualified small businesses to carry back their general business credits to offset five years of taxes.
  3. Temporarily eliminated all capital gains taxes for those who invest in small business.
  4. Temporarily increased the amount of start-up expenditures entrepreneurs can be deductible.
  5. Provides deductions for employer-provided cell phones
  6. Allowed the self-employed to deduct health insurance costs for themselves and their family members.
  7. Changed the limitations on penalties for errors in tax reporting that disproportionately affect small business.
  8. Extended the 50% bonus depreciation through 2010; however, the new Tax Relief Act of 2010 further extends and expands this to 100% of any productive capital investments in 2011.

**Treasury Department Provisions**

- Small Business Lending Fund
- Establishes State Small Business Credit Initiative