

These notes refer to the Small Business, Enterprise and Employment Act 2015 (c.26) which received Royal Assent on 26 March 2015

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: REGULATORY REFORM

Definition of small and micro business

Section 34: Small and micro business regulations: further provision

235. This section sets out the permitted content of regulations under section 33 (the regulations will also define expressions used in section 33(2) and (3), such as “headcount of staff”: see section 33(6)). Regulations made under these powers are referred to as “the small and micro business regulations”.
236. The permitted content includes provision about the following: the calculation of staff headcount, turnover, and balance sheet total (subsection (1)(a)); the extent to which a connection with another business (for example a parent-subsidiary relationship) affects the small or micro status of a particular business (subsections (1)(b) and (2)); the periods to be used for assessment (subsections (3)(a) and (4)); and how a new business will be assessed (subsection (3)(b)).
237. Subsections (5), (6) and (7) contain powers to make provision to safeguard against abuse of the definition – for example by artificially transferring business activities to a new undertaking purely to avoid loss of small or micro status.
238. Subsection (8) allows the small and micro business regulations to provide that certain types of undertaking cannot qualify as small or micro businesses, irrespective of their size.