



**U.S. Department  
of Veterans Affairs**

Office of Small and Disadvantaged  
Business Utilization  
*Center for Verification and Evaluation*

## **Notice of Change in SBA Size Calculation**

*January 12, 2022*

### **Background**

“The U.S. Small Business Administration (SBA or Agency) has modified its method for calculating average annual receipts used to prescribe size standards for small businesses. Specifically, in accordance with the Small Business Runway Extension Act of 2018, ***SBA is changing its regulations on the calculation of average annual receipts ... from a 3-year averaging period to a 5-year averaging period.***”

This change officially took effect on January 6, 2022. The change was directed by [Public Law 115-324](#) (the “Small Business Runway Extension Act of 2018”) amended section 3(a)(2)(C)(ii)(II) of the Small Business Act, [15 United States Code 632](#)(a)(2)(C)(ii)(II).

More background information can be found here:

<https://www.federalregister.gov/documents/2019/12/05/2019-26041/small-business-size-standards-calculation-of-annual-average-receipts>

### **What this means for CVE Verification:**

- In reviewing size for verification purposes, CVE follows SBA’s methodology for size calculations. To allow for the new 5-year calculation, ***CVE will now begin requiring applicants to submit five years of business taxes, rather than three.*** Once a complete application has been submitted, CVE will perform a 5-year average annual receipts calculation to determine whether the applicant meets the SBA size standard for all selected NAICS codes with a dollar-based size standard. This check is required as part of the verification process established in 38 CFR Part 74.
- For submitted applications currently in process on the date of this notice, a CVE Case Analyst will contact the Veteran owner if additional tax documents are required.
- If there are any further questions, please contact the Department of Veteran Affairs (VA) Office of Small and Disadvantaged Business Utilization (OSDBU) Help Desk at:

Phone: 1 (866) 584–2344

Web: [www.va.gov/osdbu](http://www.va.gov/osdbu)

Email: [vip@va.gov](mailto:vip@va.gov)

Hours: 8 a.m.–6 p.m. (Eastern)