

# Annual Review Guidance for Entity-owned Companies

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## Overview

The questions detailed in these instructions will allow entity-owned companies to complete their 8(a) application. If you have additional questions, please see:

- [Local Assistance](#) - SBA and their network of partners offer free assistance in your area.
- [Certify Knowledgebase](#) – Centralized location for detailed how-to articles, forms, frequently
- [Certify Help Desk](#) – If you cannot find answers to your questions from the resources detailed above, please contact the Certify Help Desk for assistance.

## Eligibility Section

Question	Guidance
<p><b>Is your company's information current in SAM.gov?</b></p>	<p>SBA gets your company's information from the System for Award Management website (SAM.gov), so you must keep your company's information in SAM.gov up to date. This applies to the specific 8(a) Participant Company and all SAM.gov Profiles, including Joint Ventures, Bona Fide Offices, and any other locations associated with the 8(a) Participant Company.</p>
<p><b>In the past program year or since your company was certified as an 8(a) Participant, has there been conduct by your company, or any of its principals, indicating a lack of business integrity or good character, which has resulted in any of the following?</b></p>	<p>Answer this question for the specific 8(a) Participant company and any officers, directors, and all shareholders owning an interest of 20% or more.</p>
<p><b>In the past program year or since your company was certified as an 8(a) Participant, are/have there been pending adverse actions that may affect your company's business operations?</b></p>	<p>Answer this question for the specific 8(a) Participant and any officers, directors, and all shareholders owning an interest of 20% or more.</p>
<p><b>Is your company entity owned?</b></p>	<p>Select "Yes". Please use the SBA Form Benefit Report template to describe how your entity-owned company has helped the Tribal or native members or the Tribal, native, or other community by participating in the 8(a) program. Upload the Benefit Report as a PDF. Reference: <a href="#">13 C.F.R. § 124.604</a></p>

Question	Guidance
<p><b>Please upload your company's tax returns filed with the IRS for the last 3 years.</b></p>	<p>If your parent company files consolidated Federal tax returns, including those of the Participant company, upload all returns, schedules, and attachments from the past 3 years. If not, upload 3 years of the Participant company's tax returns.</p> <p>Note: A tribally owned company chartered under Tribal or Federal law may be exempt from Federal tax liability and, consequently, from filing federal tax returns. In such a case, the tribally owned company will not be required to submit tax returns in connection with its 8(a) initial application and annual review.</p>
<p><b>Upload your company's year-end balance sheet and income statements (profit and loss statements) for the last 3 fiscal years.</b></p>	<p>Please upload your latest fiscal year-end balance sheet and income statements showing a breakout of 8(a) and non-8(a) revenue, or - Consolidated financial statements prepared by your parent entity that include schedules for your company.</p> <p>Reference: <a href="#">13 C.F.R. § 124.602</a></p>
<p><b>Revenue from 8(a) sales</b></p>	<p>Enter 8(a) Participant revenue from 8(a) Sales for the last fiscal year.</p> <p>Examples of 8(a) work include:</p> <ul style="list-style-type: none"> <li>- Prime 8(a) set-aside contracts</li> <li>- 8(a) contracts awarded on a sole source basis</li> <li>- 8(a) task orders issued against multiple award schedule contracts</li> <li>- 8(a) contracts awarded to 8(a) joint ventures</li> </ul>

Question	Guidance
<b>Revenue from non-8(a) sales</b>	Enter 8(a) Participant revenue from Non-8(a) Sales Examples of non-8(a) work include: <ul style="list-style-type: none"> <li>- Non-government/commercial contracts and subcontracts</li> <li>- Government work outside of an 8(a) award</li> <li>- Multiple award schedule contracts not offered through the 8(a) program</li> </ul>
<b>When did your fiscal year end?</b>	Enter single date

## Business Ownership Section

Question	Guidance
<p><b>List all salaries, bonuses, advances, loans, distributions, or dividends paid in the past fiscal year to:</b></p> <ul style="list-style-type: none"> <li>- Your company’s owners, officers, or directors</li> <li>- Outside companies that your company’s officers or directors own at least 10% of</li> <li>- Outside companies with an officer, partner, or director who is also an owner, officer, or director of your company</li> </ul> <p><b>Please explain any payments that are not salaries.</b></p>	Provide information for the officers and directors paid in the last fiscal year. Only include the compensation included for the specific 8(a) Participant if the individual manages multiple companies.
<p><b>In the past fiscal year, has your company made outstanding loans to any of the following?</b></p> <ul style="list-style-type: none"> <li>- Your company’s owners, officers, or directors</li> <li>- Shareholders who own more than 10% of your company’s stock</li> <li>- Outside companies that your company’s officers or directors own at least 10% of your company</li> <li>- Outside companies with an officer, partner, or director who is also an owner, officer, or director of your company</li> </ul>	Select Yes or No. Answer this question for the specific 8(a) Participant. If yes, please upload all promissory notes or letters describing the loan as PDFs.

Question	Guidance
<p><b>In the past fiscal year, has your company made payments to any of the following people – payments that in total exceed the excessive withdrawal thresholds?</b></p> <ul style="list-style-type: none"> <li>- Your company’s owners, officers, or directors</li> <li>- Outside companies that your company’s officers or directors own at least 10% of</li> <li>- Outside companies with an officer, partner, or director who is also an owner, officer, or director of your company</li> </ul>	<p>Select Yes or No.</p> <p>See immediately below this table for additional details on Excessive Withdrawals.</p>

## Excessive Withdrawals

Yearly withdrawals are excessive if they total more than:

- \$250,000 for companies with sales up to \$1,000,000
- \$300,000 for companies with sales between \$1,000,000 and \$2,000,000
- \$400,000 for companies with sales exceeding \$2,000,000

The term withdrawal includes, but is not limited to:

- Cash dividends
- Distributions that exceed amounts needed to pay S Corporation, LLC or partnership taxes
- Cash and property withdrawals
- Payments to immediate family members not employed by your company
- Bonuses to officers
- Investments on behalf of an owner

Although officers' salaries are generally not considered withdrawals for purposes of this definition, SBA will count those salaries as withdrawals where SBA believes that a company is attempting to avoid the excessive withdrawal limitations through the payment of officers' salaries. SBA will look at the totality of the circumstances in determining whether to include any specific amount as a withdrawal. Reference: [13 CFR § 124.112\(d\)\(5\)](#).

## Control Section

Question	Guidance
<p><b>First tell us about the past 6 months:</b> Did your company hire outside assistance to help you get federal contracts?</p>	<p>If you used outside assistance to help you get a federal contract, you must submit an <a href="#">SBA Form 1790</a> every 6 months. Reference: <a href="#">13 C.F.R. § 124.112(b)(7)</a></p>
<p><b>Next tell us about first 6 months of the program year:</b> Did your company hire outside assistance to help you get federal contracts?</p>	<p>If you used outside assistance to help you get a federal contract, you must submit an <a href="#">SBA Form 1790</a> every 6 months. Reference: <a href="#">13 C.F.R. § 124.112(b)(7)</a></p>
<p><b>Are you the highest paid employee at your company?</b></p>	<p>Select “My company is entity owned, so this question doesn't apply to me” since this question does not apply to entity-owned companies.</p>
<p><b>Does your company have known affiliates?</b></p>	<p>Select “Yes” or “No”</p> <p>SBA does not consider entity-owned companies affiliates of the entities that own them – or affiliates of their sibling companies. But entity-owned companies may be affiliated with outside companies.</p> <p>With Mentor/Protégé Agreements (MPAs), the SBA does not find affiliation between an 8(a) company and its mentor only because the mentor helps the protégé per the MPA. But the companies may be affiliated for other reasons detailed below.</p>
<p><b>In the past fiscal year, has your company added or removed affiliates?</b></p>	<p>Select “Yes” or “No”</p> <p>Have your sister subsidiaries changed? If yes, please upload a current list of your company's known affiliates.</p>

## Affiliation Details

Affiliation can be based on:

- Common management or ownership
- Stock ownership
- Mergers and acquisitions
- "Identity of interest," which includes family ties between companies, shared financial interests, similar investments, and financial dependence between companies
- Franchise and license agreements
- Joint ventures, where the same joint venture partners have a longstanding inter-relationship or contractual dependence

With Mentor/Protégé Agreements (MPAs), SBA will not find affiliation between an 8(a) protégé and its mentor based solely on the MPA or any assistance provided pursuant to the agreement. However, SBA may find affiliation for other reasons. (See list above.)

SBA does not consider entity-owned companies affiliates of the entities that own them – or affiliates of their sibling companies. But entity-owned companies may be affiliated with outside companies. (See list above.)

Learn how the SBA determines affiliation: : <https://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/small-business-size-regulations>

Also see SBA's Size Regulations and 13 CFR § 121.103.

## Individual Contributors Section

When you select the Individual Contributors section, you will see 4 links:

1. **"Company Owner and Individual Claiming Disadvantage"** – you (the primary person filling out this 8(a) annual review) need to complete this section. Review the instructions below carefully as many of the questions in this section do not need to be answered because your company is entity-owned.
2. **"Please add another 8(a) Applicant, if applicable"** – you do not need to submit this section.
3. **"Please add the spouse of any Disadvantaged Individual"** – you do not need to submit this section.
4. **"Please add any other individuals directly involved with the business"** – your company's officers, directors, member representatives, and day-to-day managers must complete this section. It covers the former SBA forms 1010-IND and 912. Once you add your colleagues' emails to this section, they will receive an email asking them to create a Certify account and provide information for your 8(a) annual review.

If your parent company is filing multiple 8(a) annual reviews, and the same contributor is using two different emails to submit their two questionnaires, please track this information. Send an email with the individual’s name, email addresses, company names, and EIN numbers. Please use the [Certify Help Desk](#) to resolve any issues.

### Individual Contributor (Disadvantaged)

Question	Guidance
<p><b>Resume:</b> Upload your personal resume</p>	<p>Upload a blank PDF.</p>
<p><b>Full time devotion:</b> Do you have another job outside the applicant company?</p>	<p>If you are the day-to-day manager, answer this question and provided the requested documentation. The answer to this question should be consistent with Eligibility Question 2 (do you have an outside job)? If yes, provide requested documentation.</p> <p>If you are not the day-to-day manager, the SBA does not need to know if you have another job so you can select “no”.</p>
<p><b>Basis of disadvantage:</b> Select one of the following “presumed disadvantaged groups” as the basis of your disadvantage.</p>	<p>Select “Native American” regardless of company type – this answer will be disregarded as it is not required for an entity-owned company.</p>
<p><b>Native American Disadvantage:</b> Please provide documentation supporting your membership in the “Native American” group.</p>	<p>Upload a blank PDF since this information is not required for an entity-owned company.</p>
<p><b>Transferred Assets:</b> Have you transferred any assets to any immediate family member for less than fair market value in the last two years?</p>	<p>Select “No”</p>



Question	Guidance
<p><b>Tax Returns:</b> Upload your personal federal tax returns from the last three years including all schedules and attachments.</p>	<p>Upload a blank PDF</p>
<p><b>Cash on hand:</b> As of date</p>	<p>Enter today's date</p>
<p><b>Cash on hand:</b> Cash on hand</p>	<p>Enter \$0</p>
<p><b>Cash on hand:</b> Savings account(s) balance</p>	<p>Enter \$0</p>
<p><b>Cash on hand:</b> Checking account(s) balance</p>	<p>Enter \$0</p>
<p><b>Other sources of income:</b> Salary</p>	<p>Enter \$0</p>
<p><b>Other sources of income:</b> Other income</p>	<p>Enter \$0</p>
<p><b>Other sources of income:</b> Your equity in the applicant company</p>	<p>Enter \$0</p>
<p><b>Other sources of income:</b> Your equity in other companies</p>	<p>Enter \$0</p>
<p><b>Notes receivable:</b> Do you have any notes receivable from others?</p>	<p>Select "No"</p>
<p><b>Retirement accounts:</b> Do you have a Roth IRA?</p>	<p>Select "No"</p>
<p><b>Retirement accounts:</b> Do you have any other retirement accounts?</p>	<p>Select "No"</p>

Question	Guidance
<p><b>Life insurance:</b> Do you have a life insurance policy that has a cash surrender value?</p>	Select "No"
<p><b>Life insurance:</b> Do you have any loans against a life insurance policy?</p>	Select "No"
<p><b>Stocks &amp; Bonds:</b> Do you have any stocks, bonds, or mutual funds?</p>	Select "No"
<p><b>Real estate – primary residence:</b> Do you own your primary residence?</p>	Select "No"
<p><b>Real estate – other:</b> Do you own any additional real estate?</p>	Select "No"
<p><b>Personal property:</b> Do you own any vehicles?</p>	Select "No"
<p><b>Personal property:</b> Do you own any other personal property or assets?</p>	Select "No"
<p><b>Notes payable and other liabilities:</b> Do you have any notes payable or other liabilities?</p>	Select "No"
<p><b>Assessed taxes:</b> Do you have any assessed taxes that were unpaid?</p>	Select "No"

## Individual Contributor (Non-Disadvantaged)

Question	Guidance
<p><b>Prior Ownership:</b> Are you the former employer of the Individual Claiming Disadvantage?</p>	<p>Select “No” since this question doesn’t apply to entity-owned companies.</p>
<p><b>Business Affiliations:</b> Do any of your immediate family members own a company with a contractual relationship with the Applicant Company?</p>	<p>Select “No” since this question doesn’t apply to entity-owned companies.</p>
<p><b>Prior 8(a) Involvement:</b> Have you - or any company you owned - ever applied for an 8(a) Certification or participated in the 8(a) Program?</p>	<p>Answer this question as your company would have when completing the 8(a) Initial Application. If you select yes, upload a PDF with additional details.</p>
<p><b>Prior 8(a) Involvement:</b> Have you already used your one-time-only 8(a) eligibility to qualify a business for the 8(a) Program?</p>	<p>Answer this question as your company would have when completing the 8(a) Initial Application. If you select yes, upload a PDF with additional details.</p>
<p><b>Prior 8(a) Involvement:</b> Have any of your immediate family members ever owned a company that was admitted to the 8(a) Program?</p>	<p>Select “No” since this question doesn’t apply to entity-owned companies.</p>