

# SME DEFINITIONS IN SELECT MARKETS

This summary on SMEs definitions was created by [WEConnect International](#), a global non-profit that educates and connects women-owned businesses to qualified buyers around the world. Included are examples of how small and medium enterprises (SMEs) are typically classified in select markets as of January of 2026--including criteria such as the number of employees, annual revenue, and other key considerations.

## Australia & New Zealand

The SME and Regional Procurement Policy defines an SME as an Australian or New Zealand based enterprise with fewer than 200 full-time equivalent (FTE) employees. Further to this, a small business is defined as an enterprise with 1-19 FTEs, including sole traders and start-ups, and a medium business is defined as an enterprise with 20-199 FTEs.

## Brazil

SME classification in Brazil is based solely on annual revenue, with a maximum of R\$4.8 million. Brazilian SMEs make up 99% of all businesses, contribute around 27% of the country's GDP, and provide over half of all formal employment. The "Simples Nacional" tax system simplifies SME compliance by combining eight federal taxes into one monthly payment. Notably, medium-sized businesses are not separately recognized and are treated as large enterprises under Brazilian regulations.

## Canada

According to Innovation, Science and Economic Development Canada:

- Small businesses: Fewer than 100 employees.
- Medium-sized businesses: Between 100 and 499 employees.
- Large businesses: 500 or more employees.

These definitions are used for statistical and policy purposes. SMEs together make up 99.8% of all employer businesses in Canada.

## European Union

SMEs make up 99% of all EU businesses and are crucial for economic support and access to EU funding. According to EU recommendation 2003/361, SMEs are classified based on staff headcount and either annual turnover or balance sheet total. A micro-enterprise has fewer than 10 employees and turnover or balance sheet total not exceeding €2 million; a small enterprise has fewer than 50 employees and turnover or balance sheet total not exceeding €10 million; and a medium-sized enterprise has fewer than 250 employees with turnover up to €50 million or balance sheet total up to €43 million.

## Greater China

In China, the definition of an SME is complex, which depends on the industry category and is based on the number of employees, annual revenue and total assets, and the criteria is based on the SME Promotion Law of China (2003), which sets the guideline for classifying SME's. An SME in Hong Kong in particular is generally defined as a business that employs fewer than 100 people for manufacturing businesses, and fewer than 50 people for non-manufacturing businesses.

## India

Since July 1, 2020, India has adopted a revised definition for Micro, Small, and Medium Enterprises (MSMEs), applicable to both manufacturing and service sectors. Classification is based on two key criteria: investment in plant and machinery or equipment, and annual turnover. A micro enterprise has an investment up to ₹10 million and turnover up to ₹50 million; a small enterprise has an investment up to ₹100 million and turnover up to ₹500 million; and a medium enterprise has an investment up to ₹500 million and turnover up to ₹2.5 billion. This updated definition aims to broaden eligibility and support growth across a wider range of businesses.

## Indonesia

Article 35 paragraphs (2), (3), (4), and (5) PP 7/2021 divides MSMEs based on the amount of capital and annual sales proceeds (turnover), namely:

- Micro businesses have business capital of up to a maximum of IDR 1 billion, excluding land and buildings where the business is located, and have annual sales proceeds of a maximum of IDR 2 billion;
- Small businesses have business capital of more than IDR 1 billion to a maximum of IDR 5 billion, excluding land and buildings where the business is located, and have annual sales proceeds of more than IDR 2 billion to a maximum of IDR 15 billion;
- Medium businesses have business capital of more than IDR 5 billion to a maximum of IDR 10 billion, excluding land and buildings where the business is located, and have annual sales of more than IDR 15 billion to a maximum of IDR 50 billion.

## Japan

The definition of an SME in Japan depends on the industry and the size of the enterprise. The Small and Medium Enterprise Basic Act provides the general framework for defining SMEs, while the Ministry of Economy, Trade and Industry offers specific criteria based on the number of employees and capital or sales. These criteria vary according to the industry, which is generally categorized into three main sectors: manufacturing, wholesale, and retail/services.

## Kenya

In Kenya, the Micro and Small Enterprises (MSE) Act of 2012 provides a legal framework for defining SMEs. The classification is primarily based on the number of employees and annual turnover. This definition guides government policy and support mechanisms for enterprises at various growth stages.

| Category | Employees | Annual Turnover (KES)      |
|----------|-----------|----------------------------|
| Micro    | 1-9       | ≤ 500,000                  |
| Small    | 10-49     | > 500,000 – ≤ 5 million    |
| Medium   | 50-99     | > 5 million – ≤ 50 million |

## Malaysia

An SME in Malaysia is defined by its annual sales turnover and number of employees. For manufacturing sectors, SMEs are typically defined as businesses with a turnover not exceeding RM50 million or a workforce of 200 or fewer. For the services and other sectors, the thresholds are lower: RM20 million turnover or 75 employees.

# SME DEFINITIONS IN KEY MARKETS

## Nigeria

In Nigeria, SME classifications are provided by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The classification uses employee size, asset value (excluding land), and annual turnover to determine the size of the business. These definitions inform the design of financial and development programs targeting business growth.

| Category | Employees | Employee Assets (NGN) | Annual Turnover (NGN) |
|----------|-----------|-----------------------|-----------------------|
| Micro    | ≤ 10      | ≤ 5 million           | ≤ 5 million           |
| Small    | ≤ 10-49   | ≤ 5-50 million        | ≤ 5-100 million       |
| Medium   | ≤ 50-199  | ≤ 50-500 million      | ≤ 100-500 million     |

## Singapore

According to Singapore's Ministry of Trade and Industry, an SME is defined as an organization registered in Singapore with a yearly sales turnover of less than S\$100 million. It must also employ fewer than 200 workers.

## South Africa

South Africa's SME definitions are governed by the National Small Enterprise Act, which allows for sector-specific thresholds. For general guidance, SMEs are categorized based on employee count and annual turnover. The broad definition helps tailor support to businesses across different industries and sizes.

| Category | Employees | Annual Turnover (ZAR) |
|----------|-----------|-----------------------|
| Micro    | ≤ 10      | ≤ 2 million           |
| Small    | ≤ 50      | ≤ 10 million          |
| Medium   | ≤ 200     | ≤ 50 million          |

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