

PROPOSED AMENDMENT TO THE COVID-19 (TEMPORARY MEASURES) ACT

November 2020



The COVID-19 (Temporary Measures) Act was passed in April 2020 to provide relief for business, including deferment of contractual obligations without penalty for up to six months as well as waiver of rental for eligible small and medium enterprise tenants/sub-tenants.

At the Parliament debate on the third set of amendments to the COVID-19 (Temporary Measures) Act on 3 November 2020, the Parliament proposed the introduction of the Re-Align Framework, which will allow small and micro businesses to renegotiate contracts and/or to terminate the contract early, without penalties.

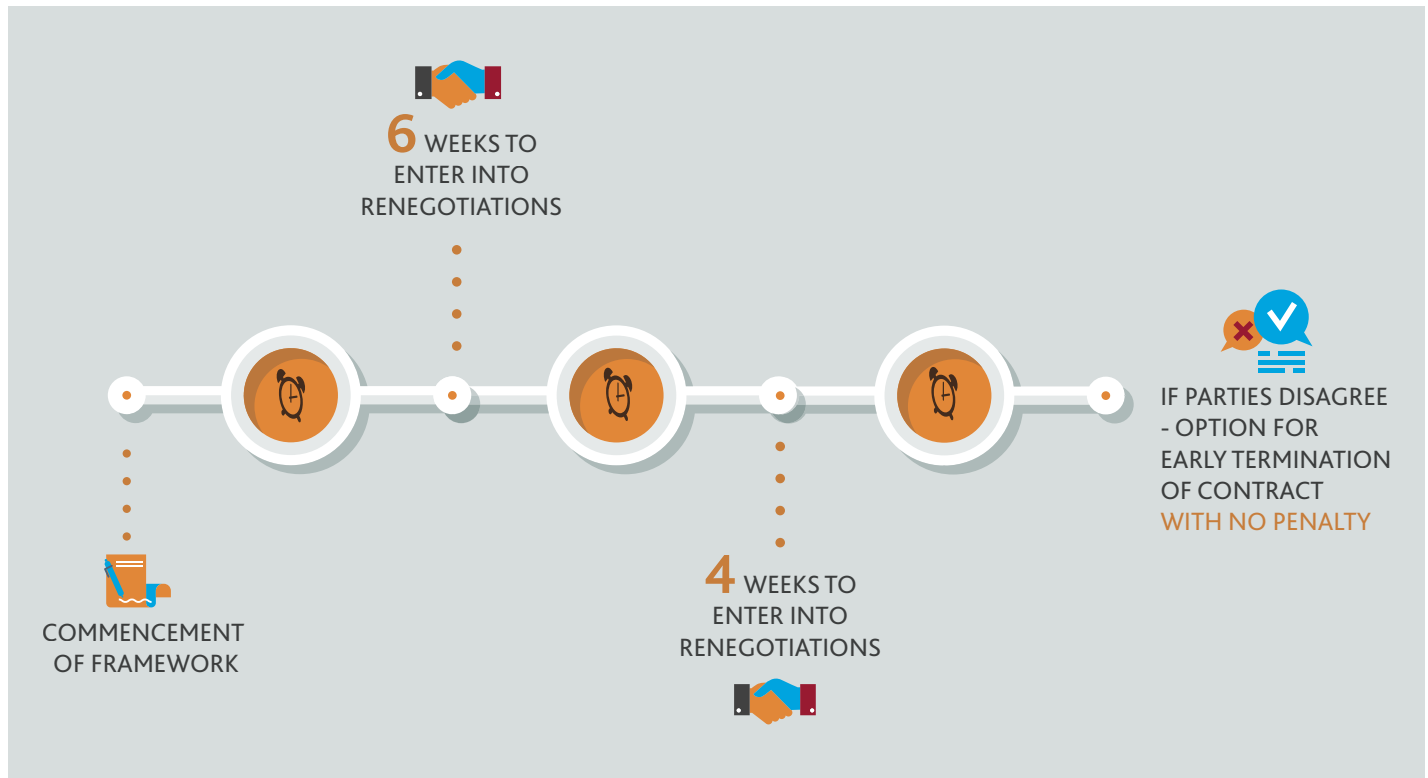
Proposed Re-Align Framework

Overview of the Re-Align Framework

- ▶ To realign businesses by allowing selected contracts to be renegotiated and to come to a mutual agreement. Where an agreement cannot be met, early termination of the contract is possible. **Business remain liable for outstanding dues, but will not be liable for any penalties for early termination.**

Who is covered?	Why the proposed change?	What is covered?
<ul style="list-style-type: none"> ▶ Mainly smaller and micro enterprises who meet the following two criteria: <ol style="list-style-type: none"> 1. A prescribed annual revenue cap; and 2. Significant fall in revenue ▶ More details will be revealed in due course. 	<ul style="list-style-type: none"> ▶ Relief period of six months for businesses to defer contractual obligation <u>without penalty</u> cannot be prolonged/continued indefinitely. ▶ Aims to help businesses focus on recovery. 	<ul style="list-style-type: none"> ▶ Any contracts that meet all of the following criteria: <ol style="list-style-type: none"> 1. Is governed by the Singapore Law 2. Entered into before 25 March 2020 3. Has at least <u>one</u> party who has a place of business in Singapore 4. Falls within one of the following categories: <ol style="list-style-type: none"> i. Lease/license for commercial party ii. Sale and purchase of goods and services iii. Rental agreement for commercial equipment and vehicles iv. Hire-purchase/conditional sales agreement for commercial equipment and vehicles ▶ Certain contracts are excluded, e.g. consumer, employment and insurance contracts.

Proposed Timeline



For more information, please refer to <https://www.mlaw.gov.sg/covid19-relief/re-align-framework>

FOR MORE INFORMATION

LEOW QUEK SHIONG

Partner
Restructuring & Forensic
+65 6828 9170
quekshiong@bdo.com.sg

GARY LOH

Executive Director
Restructuring & Forensic
+65 6828 9144
garyloh@bdo.com.sg

BDO ADVISORY PTE LTD

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Tel: +65 6828 9118
Fax: +65 6828 9111

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