

Extension of Relief Periods under the COVID-19 (Temporary Measures) Act for Specified Categories of Contracts

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1. Since the COVID-19 (Temporary Measures) Act (the “Act”) commenced in April 2020, it has served as a “legal circuit breaker” to mitigate the impact of the COVID-19 pandemic. Among other reliefs:



a. Part 2 of the Act enables parties in seven categories of contracts, upon service of a Notification for Relief, to obtain temporary relief from certain legal and enforcement actions for their inability to perform contractual obligations due to COVID-19.¹ Part 2 of the Act also offers a framework to resolve disputes, through Assessors who determine whether this relief applies and seek to make just and equitable determinations; and



b. Part 3 of the Act provides temporary relief for financially distressed individuals and businesses by increasing the monetary thresholds and time limits for bankruptcy and insolvency.²

2. The prescribed periods (“relief periods”) under Part 2 and Part 3 of the Act are both currently six months, from 20 April 2020 to 19 October 2020.

3. The Ministry of Law (“MinLaw”) will extend the relief period under Part 2 of the Act, for relief from legal and enforcement actions for inability to perform contractual obligations, by minimally one month for all categories of contracts covered. The relief period will be extended by more than one month for certain sectors that face longer-term effects due to the pandemic. The extensions will support individuals and businesses as they continue to adjust to the economic impact of COVID-19.

4. The relief period under Part 3 of the Act, for measures relating to bankruptcy and insolvency, remains unchanged and will expire on 19 October 2020.

Extension of relief period from legal and enforcement actions for specified categories of contracts

5. The relief from legal and enforcement actions afforded by the Act has provided individuals and businesses breathing space to work out contractual disputes arising from COVID-19. As of 30 September 2020, at least 7,400 Notifications for Relief have been served through MinLaw’s electronic system. More than 1,400 Applications for an Assessor’s Determination have been submitted.

6. Approximately six months since the Act commenced, the COVID-19 situation in Singapore has allowed for the calibrated resumption of economic and social activities. However, given the continued need for Safe Management Measures, many businesses could still use some breathing space to better adjust to the current operating context and consider how they may meet their contractual obligations.

7. MinLaw will therefore extend the relief period under Part 2 of the Act by one to five months, depending on the category of contract. It will benefit parties to use this time to work through their contractual disputes rather than resorting to legal proceedings after the expiry of the extended relief period, which would incur substantial time and costs.

8. A summary of the changes to the relief period under Part 2 of the Act is below:

Relief period	Extension to 19 November 2020	Extension to 31 December 2020	Extension to 31 March 2021
Categories of contracts	<ul style="list-style-type: none"> - Loans to SMEs secured by certain collateral in Singapore - Leases and licences of non-residential property - Hire-purchase and conditional sales agreements for commercial vehicles, or plant/machinery used for commercial purposes - Rental agreements for commercial equipment or commercial vehicles 	<ul style="list-style-type: none"> - Event and tourism-related contracts - Options to purchase and sale and purchase agreements with developers³ 	<ul style="list-style-type: none"> - Construction contracts or supply contracts, or any performance bond granted thereto

9. Longer extensions to the relief period under Part 2 of the Act will be provided for three categories of contracts, as these continue to face significant uncertainty due to COVID-19:

a. Event and tourism-related contracts, up to 31

December 2020: The extension will provide individuals and businesses who have booked events or tours taking place in late 2020 and 2021 with more time to monitor the COVID-19 situation and discuss with their vendors whether and how they should proceed, before deciding if they need to rely on reliefs under the Act.

b. Options to purchase and sale and purchase agreements with developers, up to 31 December 2020:

The extension will assist purchasers of residential, commercial and industrial properties who require more time to make their payments, particularly those who pay developers directly without taking a bank loan, with minimal impact to developers' cash flow.

c. Construction contracts or supply contracts, or any performance bond granted thereto, up to 31 March 2021:

The construction sector continues to face significant delays, due to work stoppages during the Circuit Breaker and reduced operating capacity because of the implementation of Safe Management Measures. The extension will provide contractors with continued support as they adjust to new operating requirements, and also complement the other relief measures for the sector from the Government.

10. After the relief period (or extended relief period) under Part 2 of the Act ends for each category of contract, the reliefs triggered by a Notification for Relief that has

already been served will cease. Parties may commence or resume legal and enforcement action, as provided for in their contracts and in general law. Parties will no longer be able to file Notifications for Relief or Applications for an Assessor's Determination. Exceptions apply only in the following three categories of contracts, where Applications for an Assessor's Determination may be submitted within two months after the end of the extended relief period under Part 2 of the Act:

a. Event and tourism-related contracts: Parties must serve a Notification for Relief by 31 December 2020 but may submit an Application for an Assessor's Determination up to 28 February 2021.

b. Options to purchase⁴: Parties must serve a Notification for Relief by 31 December 2020 but may submit an Application for an Assessor's Determination up to 28 February 2021.

c. Construction contracts or supply contracts, or any performance bond granted thereto: Parties must serve a Notification for Relief by 31 March 2021 but may submit an Application for an Assessor's Determination up to 31 May 2021.

Changes to repayment scheme for rental arrears

11. The repayment scheme for rental arrears under the rental relief framework references the end date of the relief period for leases and licences of non-residential property under Part 2 of the Act. With the extension of this relief period to 19 November 2020, eligible tenant-occupiers who qualify for Additional Rental Relief under the rental relief framework and wish to take up this scheme will now

have up till 19 November 2020 to serve a written notice on their landlord, as well as any guarantor/surety for its obligations in the contract. Consequently, the date the first instalment payment must be made by has been deferred by one month till 1 December 2020. The period of rental arrears covered under the repayment scheme will also be extended to cover an additional month, up till 19 November 2020. The table below summarises the updated terms of the repayment scheme.

Eligibility for repayment scheme	SME/Non-Profit Organisation tenant-occupier who qualifies for Additional Rental Relief
Period of rental arrears	1 February 2020 to 19 November 2020
Maximum accumulated arrears	<ul style="list-style-type: none"> - Qualifying commercial properties: 5 months' rent - Other non-residential properties (e.g. industrial/ office properties): 4 months' rent <p>“Rent” refers to contractual rent, excluding any maintenance fees and charges for the provision of services such as cleaning and security.</p>
Period of repayment	Over the remainder of the lease, up to a maximum of 9 months
Instalment amount	Equal monthly instalments over the period of repayment
Applicable interest rate	Capped at 3% per annum
First instalment payment to be made by	1 December 2020
How to apply	The eligible tenant-occupier must serve a written notice on their landlord, as well as any guarantor/surety for its obligations in the contract, before 19 November 2020 .

12. To avoid doubt, these changes will not apply to parties that have already served a written notice on their

landlord and any guarantor / surety of their intent to take up the scheme, or parties that have started their repayments under the scheme.

No extension of relief period for measures relating to bankruptcy and insolvency

13. The relief period under Part 3 of the Act, for measures relating to bankruptcy and insolvency, will remain unchanged and will **end on 19 October 2020**. After this relief period ends, the monetary thresholds and time limits under the Insolvency, Restructuring and Dissolution Act will apply for bankruptcy and insolvency applications, as well as statutory demands served.

14. Individuals who potentially face bankruptcy proceedings are encouraged to seek assistance from Credit Counselling Singapore (www.ccs.org.sg) and/or find out more about bankruptcy through the official website of the Insolvency Office (io.mlaw.gov.sg). MinLaw is also working on a Simplified Insolvency Programme to assist micro and small companies that need to restructure or wind down their businesses in a simpler, faster, and lower cost manner. To complement this, a new scheme, by Credit Counselling Singapore and supporting partners in the financial industry, to help sole proprietors and partnerships in financial distress to restructure their business debts will also be launched soon.

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1. Prohibited legal actions include, among others: (a) starting or continuing court or insolvency proceedings; (b) terminating lease or licence of commercial or industrial property on the basis of non-payment of rent; (c) repossessing

commercial equipment or commercial vehicles; and (d) forfeiting the deposit for event and tourism-related contracts. There is also a cap of 5% simple interest per annum on the amount of late payment interest and charges for arrears arising under specific contracts, and relief for tenants who are unable to vacate their business premises due to COVID-19. Generally, to qualify for relief, contracts must have been entered into before 25 March 2020 and the relevant obligation(s) should have been due to be performed on or after 1 February 2020.

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2. The monetary threshold for bankruptcy applications was raised from \$15,000 to \$60,000. The monetary threshold for winding up applications was raised from \$10,000 to \$100,000. The statutory period for debtors to respond to a statutory demand was extended from 21 days to 6 months.↩

3. Options to purchase and sale and purchase agreements for commercial and industrial properties are covered by the Act with effect from 9 October 2020. The relief period under Part 2 of the Act for this category of contracts will end on 31 December 2020.

For the purposes of the relief under the Act, HDB's agreements for lease (AFLs) will have the same treatment as sale and purchase agreements.↩

4. This exception does not apply to sale and purchase agreements for residential, commercial and industrial properties, i.e. for sale and purchase agreements, Applications for an Assessor's Determination must be submitted by 31 December 2020.↩

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