

Singapore will soon pass the COVID-19 (Temporary Measures) Bill, giving temporary relief from some contractual obligations. It will only apply to contracts entered into or renewed before 25 March 2020, and to obligations to be performed on or after 1 February 2020. Initially it will be in place for six months but may be extended to 12 months. The relief is temporary – the obligation must be performed at the end of the suspension period. The right to claim frustration or force majeure is unaffected.

We look at (1) the contracts covered, (2) the relief available and (3) how to claim the relief.

## 1. Contracts Covered

- (a) Event contracts, e.g. venues, accommodation, transport and catering for weddings, business meetings or concerts
- (b) Tourism-related contracts, e.g. cruise and hotel accommodation bookings; flight tickets are not included
- (c) Construction contracts or supply contract, e.g. contract for the supply of materials
- (d) Performance bonds granted under construction contracts or supply contracts
- (e) Leases or licences of non-residential immovable property, e.g. lease for factory or retail premises
- (f) Some secured loan facilities granted by a bank or finance company to small and medium enterprises
- (g) Some hire-purchase agreements or conditional sales agreements

## 2. Relief Available

Parties are prohibited from:

- (a) Commencing court proceedings or domestic arbitration proceedings
- (b) Enforcing security over property used for a trade, business or profession
- (c) Applying for insolvency-related measures, such as calling a meeting of creditors, or applying for judicial management, winding up, bankruptcy or the appointment of a receiver or manager
- (d) Commencing or levying execution, distress or another legal process against property
- (e) Repossessing goods used for a trade, business or profession
- (f) Terminating a lease or licence of immovable property for non-payment of rent
- (g) Exercising a right of re-entry or forfeiture under a lease or licence of immovable property
- (h) Enforcing a judgment, award or determination
- (i) Calling on a performance bond given pursuant to a construction contract

- (j) Forfeiting a deposit placed for an event contract or a tourism-related contract

For bankruptcy and insolvency:

- (k) The threshold for bankruptcy of a person will be raised from SG\$15,000 to SG\$60,000
- (l) The threshold for insolvency of a company will be raised from SG\$10,000 to SG\$100,000
- (m) The time for a company to respond to a statutory demand will be increased from 21 days to six months
- (n) Directors will be temporarily relieved from their obligation to prevent the company trading while insolvent, as long as debts are incurred in the company's ordinary course of business

## 3. How to Claim Relief

- (a) Send a notice to the other party claiming relief
- (b) If the other party accepts the notice, it must give the relief; it may be fined up to SG\$1,000 if it accepts the notice and does not give the relief
- (c) If the other party rejects the notice, either party can apply to have the case heard by an assessor appointed by the Ministry of Law
- (d) Assessors will be professionals, such as accountants or lawyers; they can give relief if the inability to perform was due to COVID-19
- (e) Lawyers are not permitted on the hearing before the assessors
- (f) No legal costs will be awarded by assessors
- (g) This means lawyers can help draft the notice for relief and advise on whether to accept or reject it, as well as help prepare for the hearing, but cannot appear on the hearing and you cannot recover their costs from the other side

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