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Singapore – COVID-19 (Temporary Measures) Bill – temporary relief from contractual obligations

The Ministry of Law of Singapore (“**MinLaw**”) has announced its intention to introduce the [COVID-19 \(Temporary Measures\) Bill](#) (“**Bill**”) in Parliament next week.

The Bill seeks to offer **temporary relief to businesses and individuals who are unable to fulfil their contractual obligations because of COVID-19.**

Having in mind that the COVID-19 pandemic and associated public health measures imposed by governments around the world are materially undermining the ability of individuals and businesses to fulfil contractual obligations, the Bill provides temporary and targeted protection for businesses and individuals who are unable to fulfil certain contractual obligations because of COVID-19. The Bill complements the financial measures announced in the [Resilience Budget](#).

Overview of the Bill:

1. Temporary relief for inability to perform contracts

❖ Scope

The measures cover relevant contractual obligations that are to be performed on or after **1 February 2020** for any of the following contracts entered into, or renewed (other than automatically) prior to **25th March 2020**:

- Certain bank facilities granted by banks or finance companies, (c) a performance bond or equivalent that is granted pursuant to a construction contract or supply contract;
- Performance bonds or equivalent granted pursuant to a construction contract or supply contract;
- Certain hire-purchase agreements;
- Event contracts;
- Tourism-related contracts;
- Construction or supply contracts; and
- Leases or licences of non-residential immovable property.

❖ Measures

The Bill prohibits a contracting party from taking the following actions against a non-performing party:

- Court, arbitration and insolvency proceedings;
- Enforcement of security over immovable property as well as movable property that is used for the purposes of business or trade;
- Repossession of any goods under certain contracts;
- Call on a performance bond given pursuant to a construction contract;
- Enforcement of certain judgments or awards; and
- Termination of leases of non-residential premises.

The Bill provides additional relief in specific sectors:

- Construction and supply contracts (i.e. restriction of ability to call on a performance bond);
- Event and tourism-related contracts (i.e. additional relief in respect of forfeiture of deposits in case of postponement of events because of COVID-19 restrictions)

2. Temporary relief for financially distressed individuals, firms and businesses

The Bill increases the monetary thresholds and time limits for bankruptcy and insolvency under several acts: the Bankruptcy Act, the Companies Act, the Insolvency, Restructuring and Dissolution Act 2018, the Limited Liability Partnerships Act and the Business Trusts Act.

❖ For individuals: monetary threshold for bankruptcy increased from \$15,000 to \$60,000.

❖ For businesses (companies/partnerships): monetary threshold for insolvency increased from \$10,000 to \$100,000

3. Body of Assessors

As a safeguard against unfair outcomes, assessors will be appointed by the MinLaw to resolve disputes arising from the application of the Bill. Assessors will have to satisfy certain requirements.

The assessors will decide if the inability to perform contractual obligations was due to COVID-19 and will have the powers to grant relief that is just and equitable in the circumstances. The process will be affordable, fast, and simple.

Parties will not be allowed to be represented by lawyers. There will be no costs orders.

Assessors' decisions will be final and not appealable.

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