

April 9th, 2020

Singapore – UPDATE – Solidarity Budget and COVID-19 (Temporary Measures) Act and Regulations

1. SUPPLEMENTAL BUDGET

On 6th April 2020, the Government announced a supplementary Budget 2020 known as the Solidarity Budget complementing the relief measures introduced under Budget 2020 on 18th February 2020 and the subsequent supplementary Resilience Budget on 26th March 2020, and aiming to address the rapidly evolving COVID-19 pandemic and its impact on Singapore's economy and society.

Here are the main features of the Solidarity Budget:

➤ **Temporary enhancement to the Jobs Support Scheme (JSS) for the month of April**

The temporary enhancement to the JSS for the month of April 2020 will raise the wage support to **75% in that month**. This will apply to the first \$4,600 of gross monthly wages paid to local workers (Singapore Citizens and Permanent Residents) in all sectors.

The wage support for the other months will remain unchanged as previously announced. This temporary enhancement will be disbursed together with the first JSS payout.

In addition, the first JSS payout has been brought forward from end-May to April 2020.

Employers, who are on PayNow or have a Giro account with IRAS, will receive their payment in mid-April. Other employers will start to receive their cheques the following week. This earlier payout will help businesses with cash flow needs, including paying wages to workers.

For additional information on [JSS](#).

➤ **Measures to ease labour costs**

■ **Ease labour costs for employers**

- ✓ Waiver of monthly Foreign Worker Levy due in Apr 2020
- ✓ Foreign Worker Levy Rebate of \$750 in Apr 2020 from levies paid this year, for each Work Permit or S Pass holder

■ **Enhancing financial support**

- ✓ Increase Government's risk share of loans from 80% to 90% for loans initiated from 8th April 2020 till 31st March 2021, under the Temporary Bridging Loan Programme, Enterprise Financing Scheme – Working Capital Loan, and Enterprise Financing Scheme – Trade Loan

For additional information on [Government Aided Financing Scheme for local SMEs](#).

- **Enhancing Rental Waivers**

- ✓ Increase rental waivers from 0.5 month to 1 month, for industrial, office, and agricultural tenants of Government agencies

- **Ensure Pass-through of Property Tax Rebate**

- ✓ Up to 100% Property Tax Rebate for non-residential properties, for the tax payable in 2020, announced under the Resilience Budget
- ✓ COVID-19 (Temporary Measures) Act to ensure pass-through of Property Tax Rebate from property owners to tenants

2. COVID-19 (TEMPORARY MEASURES) ACT AND COVID-19 (TEMPORARY MEASURES) (CONTROL ORDER) REGULATIONS 2020

[The COVID-19 \(Temporary Measures\) Act](#) (“Act”) and the [COVID-19 \(Temporary Measures\) \(Control Order\) Regulations 2020](#) (“Regulations”) were passed by the Parliament on 7th April 2020.

➤ **Overview of the Act:**

The Act 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 Act 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.

A. 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 Act 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 Act 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)

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

The Act 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

C. **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.

✓ **Overview of the Regulations**

In the context of the 'circuit breaker' announced by the Government on 3rd April 2020, the Regulations:

- restrict movements of people (confinement), except to the extent necessary as define in section 4(3) of the Regulations, and gatherings;
 - impose social distancing and safe distancing for seating and queues; and
 - impose closure of premises, save essential services which are permitted to operate
- until **4th May 2020**.

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