

## **TEMPORARY COVID MEASURES- SINGAPORE**

The Ministry of Law Singapore, intends to introduce a Bill in its Parliament with regard to Temporary relief for Inability to Perform Contractual Obligations under COVID-19. The Bill will prohibit a contracting party from taking the following legal actions against a non-performing party:

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

This Bill covers the Leases and Licenses, Construction or Supply Contracts, Contracts of goods and Services for events and also tourism and certain loan facilities granted by Bank facilities or finance companies to SMEs.

**Part 3 of the Bill proposes changes to the Bankruptcy Act and Insolvency, Restructuring and Dissolution Act 2018 and Companies Act as Temporary Relief for Financially Distressed Individuals, Firms and Businesses.** Few relevant pointers are as follows:

- Aggregate amount of debtor exceeds amount of \$2,50,000 is unsuitable for debt repayment scheme
- Threshold for amount of debt:
  - For individuals: Increasing threshold for bankruptcy from \$15,000 to \$60,000
  - For companies: Increasing threshold for insolvency from \$15,000 to \$100,000
  - For partnerships: Increasing threshold for insolvency from \$10,000 to \$100,000
- Lengthening the statutory period to 6 months instead of 21 days for individuals and 6 months instead of 3 weeks for companies to respond to demands from creditors

- Directors will be temporarily relieved from their obligations to prevent their companies trading while insolvent if the debts are incurred in the company's ordinary course of business. However, Directors remain criminally liable if the debts are incurred fraudulently.

Singapore has come up with a well-organized list of amendments to laws as temporary measures **to ensure minimal disputes due to non-adherence of Contractual obligations during this challenging time of Covid-19** and simultaneously also is securing its future economic stability. This seems as a well thought of measure and possibly could be a trendsetter for other countries.

Given India's current situation facing Covid-19; India should contemplate such temporary measures beyond what's already announced to ensure economic stability and save individuals/corporates from immediate contractual obligations.

It is also notable that all the amendments to respective Acts/ Legislations has been consolidated into one text, which not only provides ease of reference but also ensures that this text can be easily repealed once the situation has been normalized.