

# Rödl & Partner

## SUCCESSFUL TOGETHER - WEATHERING THE CRISIS



RÖDL & PARTNER SINGAPORE  
COVID-19 - CHECKLIST FOR DIRECTORS AND EXECUTIVES

27.04.2020

# WE ARE ONE OF A KIND



## WHAT SETS US APART

- Integrated professional services firm with 109 wholly-owned locations in 49 countries globally.
- Set up in 1977 in Nuremberg, Germany, with a significant and continuous growth through the setup of own offices to provide interlinked multi-disciplinary and cross-border collaboration amongst colleagues rather than relying on a franchise network.
- Over 200 experienced local and European professionals, present in Asia Pacific since 1994.

Rödl & Partner is not a collection of accountants, auditors, lawyers, management and tax consultants working in parallel. We work together, closely interlinked across all service lines.

## YOUR BENEFIT

- Full service range from compliance, international tax planning and optimisation of regional holding structures to corporate and legal services, audit, accounting, payroll and outsourcing services.
- Combination of international know-how and standards with local experience and expertise. Globally active experts work closely together to achieve the highest standards, and you will benefit from their experience irrespective of where your project takes place.

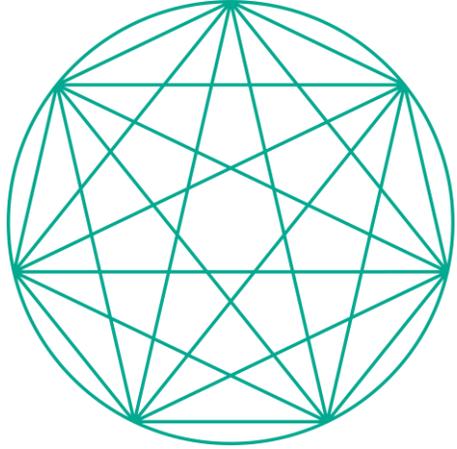


YOU FOCUS ON YOUR CORE BUSINESS

WE WILL TAKE CARE OF THE REST

5,120 colleagues – 109 offices – 49 countries – 1 firm

# OUR SERVICES IN SINGAPORE

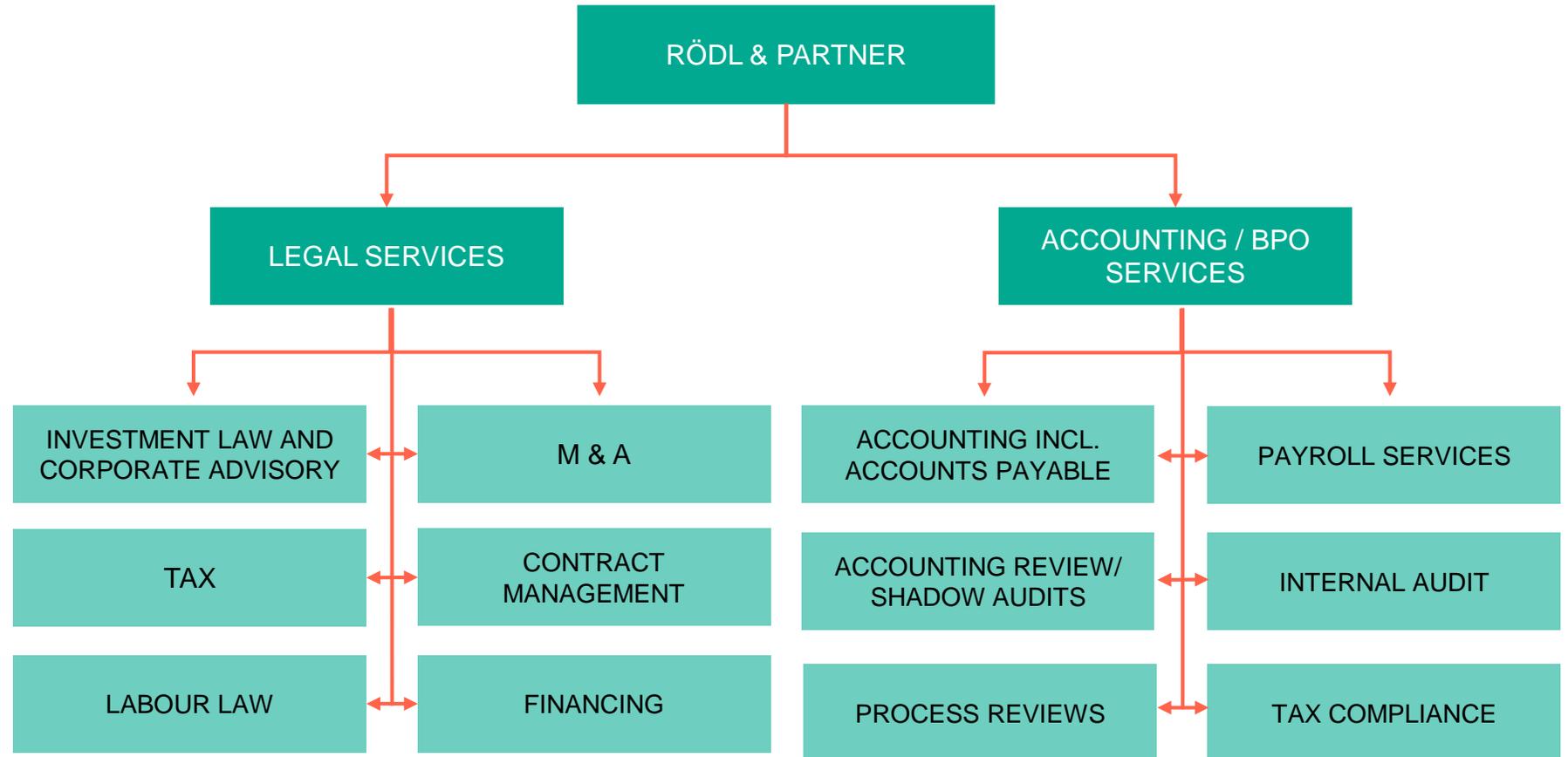


## TRULY INTEGRATED

Interdisciplinarity is our approach.

We are not lawyers, tax advisors and accountants working separately, we are

## ONE TEAM



# COVID-19 – WEATHERING THE CRISIS

## – COVID-19 and its impacts

COVID-19 is not only an unprecedented global health crisis, it has and will likely continue to have tremendous impacts on the global economy. For Singapore, the official growth forecast has been revised and downgraded to an estimated growth between -4 to -1 per cent.

## – What does that mean for you and your business?

Under the Singapore Companies Act, a director shall use reasonable diligence in the discharge of the duties of his office. Thus, in times of crisis, directors in particular must face the question which aspects the diligent discharge of the duties of the office does comprise, and whereto particular attention needs to be devoted. Alongside legal, tax and economic issues, matters of auditing and IT are essential. Furthermore, given the fact that for many companies, Singapore serves as hub for the region, a regional perspective might also be required.

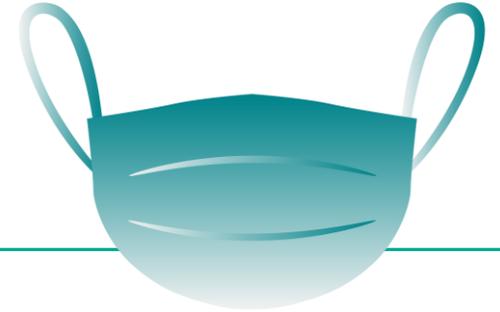
- In the following, we will list the central aspects in bullet points by topic for you. Of course, this list is not exhaustive and might (partly) not apply to your business.
- Naturally, we will gladly be at your service as a “sparring partner” for the discussion of particular issues and their implementation.
- Please feel free to contact us.





## COMPLIANCE WITH COVID-19 CIRCUIT BREAKER MEASURES

- COMPLYING WITH THE CIRCUIT BREAKER MEASURES:
  - Assessing if your business falls under the list of essential services
  - Complying with notifications and applications for exemption
  - Waiting for feedback from the authorities before entering the business premise



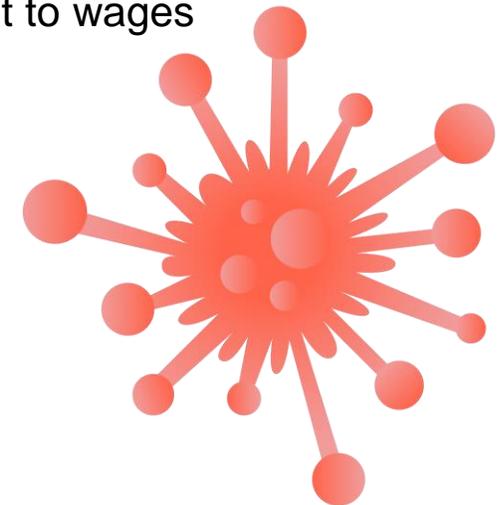
## CORPORATE

- SECURING AND CONTINUING BUSINESS:
  - Understanding how to carry out alternative arrangements in place of physical meetings (i.e. shareholder meetings, board meetings)
  - Appointing additional directors (using nominee directors for more flexibility)
  - Using Power of Attorney (under the condition of illness or quarantine)
  - Revising internal management rules and constitution (reserved matters)
  - Assessing the management of regional subsidiaries (reporting lines, deputy systems)
  - Planning corporate filing deadlines for the region (preparing documents in a timely manner, requesting filing deferrals, extensions etc.)
  - Liaising with banks with regards to bank signatories to ensure timely payments of the company
  - Liaising with corporate service providers (appointing additional instructors, authorized representatives)



## EMPLOYMENT

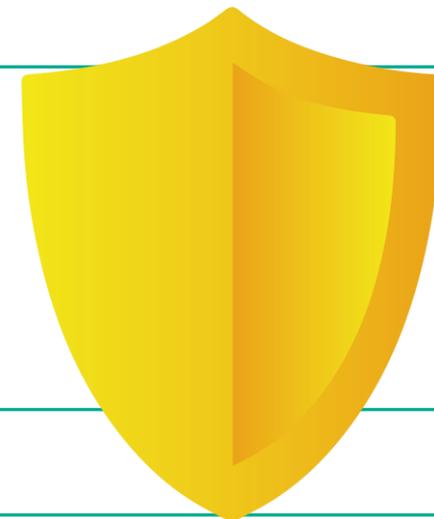
- ENSURING COMPLIANCE:
  - Complying with the Circuit Breaker Measures and instructing workforce accordingly
  - Ensuring telecommuting of workforce
  - Implementing workplace measures in line with the Infections Diseases (Workplace Measures To Prevent the Spread of COVID-19) Regulation 2020
  - Deferring all non-essential business trips, meetings, events etc.
  - Ensuring compliance with Stay-Home-Notices
  - Managing the return of work pass holders and their dependents and complying with the approval requirements of the Minister of Manpower
  - Following Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment with regards to implement cost-saving measures, such as retrenchment, adjustments to work arrangements with or without wage cuts, direct adjustment to wages and no pay leave
- UTILIZING WORK FORCE RELATED FINANCIAL ASSISTANCE:
  - Job Scheme Support (no application required)
  - Wage Credit Scheme (register GIRO payment or PayNow Corporate)
  - SGUnited Traineeships





## DATA PROTECTION

- ENSURING DATA PROTECTION AND CONFIDENTIALITY:
  - Assessing compliance with data protection with regard to employees working from home and using personal devices
  - Sensitizing employees of data protection requirements

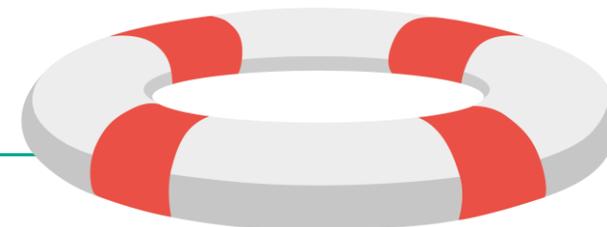


## COMMERCIAL

- UNDERSTANDING THE IMPLICATIONS OF THE COVID-19 (TEMPORARY MEASURES) ACT:
  - Considering consequences for non-fulfilment of contractual obligations for certain contracts in the light of Covid-19 (Temporary Measures) Act
  - Notifying contractual party as requested under the COVID-19 (Temporary Measures) Act
- MANAGING SUPPLY CHAIN:
  - Assessing contractual arrangements with regards to force majeure mechanisms
  - Considering the resilience of supply chains and potential adjustments
  - Adjusting or terminating existing commercial contracts
  - Ensuring compliance with competition laws when adjusting the supply chain
  - Disputes management (de-escalation, alternative dispute resolution)

## INSOLVENCY

- PREPARING FOR THE WORST-CASE SCENARIO:
  - Understanding insolvency procedures and what steps to take (e.g., in relation to making payments) when the business is in distress
  - Understanding insolvency proceedings in cross-border scenarios
  - Understanding the changes to insolvency law for businesses in distress
  - Implementing internal processes to monitor the company's liquidity
  - Considering director's liability in case of insolvency
  - Considering the monetary thresholds for insolvency



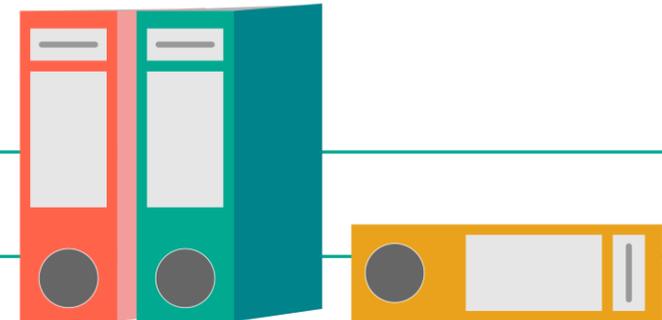
## TREASURY

- IMPROVING CASH FLOW:
  - Assessing if landlord has passed on property tax rebates as governed under the COVID-19 (Temporary Measures) Act
  - Liaising with banks and other lenders on deferral of repayment of loans, reductions or waiver of interest payments
  - Negotiating payment terms with suppliers and customers
  - Improving invoicing and follow-up proceedings
  - Providing warning letters and collecting receivables



## CORPORATE INCOME TAX

- SECURING LIQUIDITY:
  - Deferment of Corporate Income Tax (automatically)
  - Planning the carry back of potential unabsorbed capital allowances and trade losses
  - Assessing the time of potential write-off incurred costs on the acquisition of plants and machinery
- AVOIDING DISADVANTAGES:
  - Maintaining tax residency (will be assessed by IRAS based on various factors, among others Board of Director meetings in Singapore)
  - Mitigating risk of Permanent Establishment



## PROPERTY TAX

- ENSURING TAX REBATE:
  - Mandatory to pass on to tenants the property tax rebate for non-residential property
  - Considering whether terms and conditions can be imposed when passing on the tax rebate



## TRANSFER PRICING

- EXISTING TRANSFER PRICING POLICIES MAY BE AFFECTED:
  - Model impact of the crisis on operating results and document low operating profits or losses
- TRANSFER PRICING MODELS MAY NEED TO BE ADJUSTED:
  - Ensure that transfer pricing models reflect any re-allocation of functions, assets, and risks
  - Review intercompany financial support and funding arrangements
  - Consider if there may be any impact on intellectual property / branding that could change a royalty arrangement
  - Consider if travel restrictions and temporary relocation of business functions will change service arrangements and the functional profile
  - Any changes in the functional profile should be reflected in contractual agreements as well
- CONSIDERATION FOR A LOSS SPLIT MODEL:
  - Should companies that are functionally routine or low risk bear some of the group losses
  - Is it commercially justifiable for the company to earn a lower level of profit / losses
  - Ensure there is sufficient evidence to support this adjustment if there is no change in the functional profile

CONSIDER THESE ISSUES AND GATHER EVIDENCE UPFRONT. DOCUMENTATION WILL BE KEY.



## ACCOUNTING

- FINANCIAL STATEMENTS FOR THE YEAR 2019:
  - The adverse negative impact on economic conditions arising from COVID-19 is generally regarded as subsequent events occurring after 31 December 2019. Regulatory actions such as travel and movement restrictions, mandatory closures of businesses were mostly implemented after 31 December 2019. Hence, the amounts in the financial statements for the year ended 31 December 2019 in general do not need to be adjusted for impacts of COVID-19.
- DISCLOSING OF MATERIAL IMPACTS OF THE PANDEMIC ON THE REPORTING ENTITY SHOULD BE MADE, SUCH AS:
  - deterioration of financial situation of certain debtors resulting in higher expected credit losses,
  - breach of loan covenants
  - drastic effect on the fair values of the entity's assets and liabilities
  - potential impairments of certain assets of the entity
  - more importantly, if the entity intends to liquidate or foresee difficulties in paying off its liabilities, adequate disclosures must be made in the financial statements





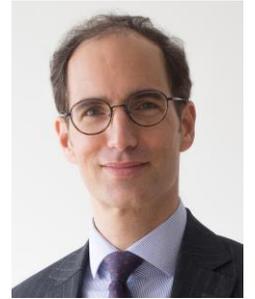
- How companies can counter a crisis in their own IT department
- IT contingency plan and creation, testing, practicing, adapting, updating of the business continuity management to the following dimensions
- Impact on the internal control system with regard to financial losses
- Securing liquidity with IT and through IT
- Protecting your business from cybersecurity risks and assessing such risk through a Cybersecurity Rating



# OUR TEAM

## DR. PAUL WEINGARTEN, PARTNER AND HEAD OF RÖDL & PARTNER SINGAPORE

Paul joined Rödl & Partner Asia-Pacific in 2007. He has an extensive experience in advising clients in corporate, M&A, restructuring and compliance matters. He is Austrian lawyer and has worked in Austria, Belgium and China before. He speaks German, English and French.



## AURELIE COPPIN, SENIOR ASSOCIATE

Aurélie is an Attorney-at-Law (New York) as well as a Foreign Registered Lawyer (Singapore). She joined Rödl & Partner Singapore in 2012. She is French and previously worked in Cambodia. She advises clients on corporate, commercial, employment, compliance and immigration matters. She speaks French and English.



## CHRISTIAN SWOBODA, LL.M. (HONG KONG), SENIOR ASSOCIATE

Christian is an Attorney-at-Law (Germany) and a Foreign Registered Lawyer (Singapore). He joined Rödl & Partner Singapore in 2016. He is German and has previously worked in Germany, China, Vietnam and Indonesia. He advises clients in various corporate, commercial and tax matters in Southeast Asia. He speaks German and English.



## PRIYA SELVANATHAN, SENIOR ASSOCIATE AND HEAD OF TAX & TRANSFER PRICING - ASEAN

Priya is our Head of Tax and Transfer Pricing – ASEAN in charge of direct tax, indirect tax and transfer pricing matters in the ASEAN region. She has more than 10 years of experience in corporate tax advisory and transfer pricing in the ASEAN region.



# YOUR CONTACT



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