

Rödl & Partner

NEWSFLASH SINGAPORE

NEW DISCOVERIES

Issue:
February 2021

Latest News on Law, Tax and Business in Singapore

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→ Re-Align-Framework

The Re-Align Framework (the "FRAMEWORK") was recently introduced by the Singapore Government to enable parties to re-negotiate selected contracts if their business has been significantly affected by covid-19.

Eligibility criteria

To be eligible for relief under the FRAMEWORK, the following criteria must be met:

- (i) a business' annual revenue must not exceed SGD 30 million at a global group level; and
- (ii) that business must have experienced at least a 70 per cent fall in monthly average gross income for the period of 1 July 2020 to 31 December 2020, compared to the period 1 July 2019 to 31 December 2019.

Selected Contracts

Under the FRAMEWORK, the selected contracts (including Government contracts) that parties may re-negotiate need to meet the following criteria:

- (i) the contract is governed by Singapore law;
- (ii) the contract was entered into before 25 March 2020;
- (iii) at least one party has a place of business in Singapore; and
- (iv) the contract falls within the categories as follows:
 - (a) leases or licenses for non-residential property with a term of 5 years or less;
 - (b) hire-purchase and conditional sales agreements for commercial equipment or commercial vehicles (except agreements entered into with banks and finance companies regulated by the Monetary Authority of Singapore);
 - (c) rental agreements for commercial equipment or commercial vehicles;
 - (d) contracts for the sale and purchase of goods and services.

Contracts specifically excluded comprise consumer contracts, employment contracts, insurance contracts, and construction and supply contracts.

Re-negotiation of the Contract

To re-negotiate a contract, a Notice for Negotiation should be served on the other party to the contract

from 15 January 2021 onwards, and no later than 26 February 2021. There are designated forms to be used, and supporting documentation has to be submitted.

Thereafter, parties have a four-week period (the "NEGOTIATION PERIOD") to renegotiate the terms of the relevant contract. A successful negotiation would lead to either an amended contract or a termination of the contract, based on terms that both parties mutually agree to.

A two-week objection period is provided if parties are unable to successfully renegotiate the contract within the Negotiation Period. If a party wishes to object to the Notice of Negotiation served on it, it can lodge a Notice of Objection within two weeks after the Negotiation Period ends (the "OBJECTION PERIOD"), following which the Notice of Objection will be determined by an Assessor. If the party does not lodge and serve a Notice of Objection within the Objection Period, the contract is deemed terminated. If parties cannot agree on their obligations upon termination, they may then lodge a Notice of Adjustment to request for the assessor's determination.

Contact for further information



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