

BRIEFING NOTE

C19TMA – Extension of Reliefs for the Construction Industry

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Introduction

On 5 April 2021, the COVID-19 (Temporary Measures) (Amendment No. 2) Bill (“**Bill**”) was introduced to deal with, *inter alia*, the provisions dealing with reliefs for the construction industry within the COVID-19 (Temporary Measures) Act (“**C19TMA**”).

In this briefing note, we discuss the scope and impact of the extension of reliefs under Parts 2 and 8B of the C19TMA.

Rationale for Extension of Relief Period

In our [earliest briefing notes](#) on the C19TMA, we shared the reliefs introduced by the C19TMA to address the disruptive effects brought about by COVID-19. Whilst careful management of the pandemic has allowed most sectors to recover, the construction sector still faces various challenges. In a [press release](#) by the Ministry of National Development, it was mentioned that labour cost has increased due to the restrictions in the inflow of migrant workers and the lower capacity restrictions in light of safe management measures.

Given the challenges that still persist within the construction industry, Singapore’s Parliament has extended the temporary reliefs – for the third time – for those in the construction sector.

Part 2, C19TMA

The relief period for Part 2 of the C19TMA has been extended by an additional six months to 30 September 2021.

Part 2 applies to both construction and supply contracts, in circumstances where one party is unable to perform the contract due to COVID-19 (and the effects thereof). The party who is unable to perform would have to ensure that:

- the contract was entered into or renewed before 25 March 2020; and
- the obligation to perform is to be performed on or after 1 February 2020.

Having satisfied all the above conditions, the party who is unable to perform may enjoy the following reliefs (insofar as they relate to the inability to perform):

- a moratorium on arbitration or court proceedings;

- a moratorium against its performance bond being called at any time earlier than seven days before the expiry of the performance bond;
- a respite from the calculation of liquidated damages; and
- a defence against a breach of contract claim for inability to supply goods or services.

Part 8B, C19TMA

The relief period for Part 8B of the C19TMA has also been extended by an additional six months to 30 September 2021.

Part 8B applies to all construction contracts (including subcontracts), in circumstances where additional qualifying costs are incurred by one party. The party who has incurred the qualifying costs would have to ensure that:

- the contract was entered into or renewed before 25 March 2020;
- the construction works were not certified as completed as at 7 April 2020; and
- the construction contract remained in force on 2 November 2020.

Having satisfied all the above conditions, the party who has incurred the qualifying costs (see our [briefing note on the mandatory co-sharing of costs](#)) may seek the mandatory co-sharing of additional costs incurred between 7 April 2020 and 30 September 2021. This is subject to a cap of: (a) a monthly maximum corresponding to 50% of the cost incurred or 0.2% of the contract sum; and (b) a total maximum of 1.8% of the contract sum.

At the time being, it does not appear that the maximum cap for mandatory co-sharing of qualifying costs – being 1.8% of the contract sum – will be adjusted following the introduction of the Bill. This suggests that insofar as contractors (and subcontractors) have already maximised the amount to be co-shared, then the extension of the relief period may not have a significant impact on these contractors (and subcontractors).

How We May Assist

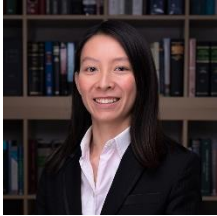
Our construction team has been advising and assisting contractors on cost and time reliefs as a result of the delays brought about by the pandemic.

We are familiar with the scope of the available contractual, legislative or regulatory reliefs. We pride ourselves in achieving the most optimal results that best advances our clients' commercial interests.

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To find out how we may be of assistance to you, feel free to contact any member of our team.

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