

RE-ALIGN FRAMEWORK



LET'S RENEGOTIATE



Renegotiating Business Contracts with the Re-Align Framework

Eligible Businesses Eligible Contracts

What is the Re-Align Framework?

Small and micro businesses who have been significantly impacted by COVID-19 and wish to renegotiate selected types of contracts with their contract partners can do so under the Re-Align Framework between 15 January and 26 February 2021.

The framework will **enable businesses to realign their contracts with current economic conditions and business objectives**. Parties are strongly encouraged to renegotiate their contracts and come to a mutual agreement. If they are unable to agree, the contract will be terminated. Businesses will remain liable for outstanding debts and obligations, but will not need to pay early termination penalties.

Who qualifies?

A business will be eligible for the framework if:

- Its annual revenue for the Financial Year 2019 does not exceed S\$30 million on a global group basis; and
- It has experienced at least a 70% fall in monthly average gross income for July to December 2020, compared to July to December 2019¹

¹Alternative periods will be used if the business had not commenced operations during July to December 2019 or by July 2020. However, the business must have commenced operations (i.e. be in a position to earn revenue) by 1 September 2020 to be eligible.

What contracts are covered?

The Re-Align Framework will apply if a contract:

- Is governed by Singapore law
- Has at least one party who has a place of business in Singapore
- Was entered into before 25 March 2020
- Falls within one of the following categories:
 - Lease or licence for non-residential immovable property
 - Hire-purchase or conditional sales agreement for commercial equipment or commercial vehicle (except agreements with banks and finance companies regulated by the Monetary Authority of Singapore)
 - Rental agreement for commercial equipment or commercial vehicle
 - Contract for sale and purchase of goods or services
- Is not an excluded contract, e.g. consumer contract, employment contract, insurance contract, etc.

Visit www.go.gov.sg/re-align-contracts for the full list of excluded contracts

