

COVID-19: Relief and Support for Small and Medium Enterprises (SMEs)

1. SMEs face increasing economic uncertainties due to the COVID-19 pandemic. The Singapore Government had, by way of the Unity Budget announced on 18 February 2020, unveiled various initiatives and measures to help SMEs cut costs and improve their cash flow. With the evolving COVID-19 pandemic, these initiatives and measures were further enhanced by the Resilience Budget and Solidarity Budget, which were announced on 26 March 2020 and 6 April 2020 respectively.
2. This update seeks to summarise the key initiatives and measures currently in place to support SMEs.

Financial Relief for SMEs

Corporate Income Tax (CIT) Deferral and Rebates

3. All companies with CIT payments due in the months of April, May and June 2020 will be granted an automatic three-month deferment of these income tax payments. These deferred payments will only be collected in July, August and September 2020 respectively.
4. A CIT rebate will also be granted for year of assessment 2020, at a rate of 25% of tax payable, capped at S\$15,000. Several tax treatments under the corporate income tax system will also be enhanced for 1 year. For instance, SMEs can opt to accelerate the write-off of the costs incurred in acquiring plant and machinery, and on renovation for the year of assessment 2021.

Property Tax Rebates

5. SMEs with non-residential properties will be entitled to property tax rebates for the entire year of 2020:
 - a. Qualifying commercial properties that are directly affected by the COVID-19 outbreak such as hotels, serviced apartments, tourist attractions, shops, and restaurants will get a 100% rebate; and
 - b. Other non-residential properties such as offices and industrial properties will receive a 30% rebate on their property tax payable.
6. SMEs that lease or license such properties from landlords can also benefit as landlords have to pass on these property tax rebates to tenants. This could be by way of lump sum payment, instalment payment, or set-off against future rent payable, without imposing any conditions.

Rental Waiver

7. To alleviate business costs, the Singapore Land Authority will waive rent for eligible commercial and social sector tenants of Government-owned / managed non-residential properties. Eligible tenants in commercial accommodation, F&B, retail, recreation/entertainment, healthcare and other services will have their rents waived for two months (April and May 2020). Other eligible industrial, office and agricultural tenants of Government agencies will also be given one month of rental waiver for April 2020.

Freezing of Government Fees and Charges

8. All fees and charges for Government-provided services will continue to be collected but will not be increased for one year, from 1 April 2020 to 31 March 2021. Such fees and charges include LTA and STB licence fees, SFA food and import permits, ACRA company registration fees, NEA inspection fees, and fees for certification of Government documents.

Assistance with Insurance Premium Payment

9. Rather than a lump sum payment at the start of the policy period, SMEs holding general insurance policies that protect their business and property risks may apply to their insurer for instalment payment plans while continuing to enjoy coverage for the paid-up period.

Employment Relief for SMEs

Job Support Scheme (JSS)

10. Under the JSS, the Government will assist employers in the following manner:
 - a. For the months of April and May 2020, employers in all sectors will receive 75% wage support for the first S\$4,600 of gross monthly wages paid to their local employees (i.e. Singaporean and Permanent Resident employees); and
 - b. For the months from June to December 2020:
 - i. employers in the aviation and tourism sector will receive 75% wage support for the first S\$4,600 of gross monthly wages paid to their local employees;
 - ii. employers in the food and services sector will receive 50% wage support for the first S\$4,600 of gross monthly wages paid to their local employees; and
 - iii. employers in all other sectors will receive 20% wage support for the first S\$4,600 of gross monthly wages paid to their local employees.
11. The JSS has also been extended to employees who are also shareholders and directors, subject to certain criteria.

Foreign Workers Levies (FWL)

12. All SMEs are entitled to a waiver of the monthly FWL due in April and May 2020. Further, SMEs who have at least paid up to December 2019's FWL in full will also receive a one-off FWL rebate of S\$750 for each S pass or Work Permit holder that they employ.
13. In light of the current situation, the Ministry of Manpower will not revoke existing work passes due to two consecutive months of late or non-payment of levies. For all levies incurred in the year 2020, SMEs will now have up to five months to pay for the FWL from the month that it is incurred before such revocation action kicks in. The late payment penalty of 2% per month will continue to apply to such deferred levies.

Credit Relief for SMEs

Enhancement of Enterprise Singapore (ESG) Loan Schemes

14. To help SMEs cope during this period, ESG has also extended greater financing support to SMEs in all sectors through the following ESG Loan Schemes:

Temporary Bridging Loan Programme (TBLP): The TBLP helps SMEs access additional cash flow support to meet their working capital needs. Under the latest TBLP, SMEs from all sectors may borrow up to S\$5 million with an interest rate capped at 5% per annum and a repayment period of up to five years. SMEs may also request for deferment of principal repayment for up to one year, subject to assessment by participating financial institutions.

SME Working Capital Loan (EFS-WCL): The EFS-WCL helps SMEs access financing for their operational cash flow needs. SMEs that require support beyond the TBLP can continue to tap on the EFS-WCL. Under the latest EFS-WCL, SMEs may borrow up to S\$1 million with a repayment period of up to five years. SMEs may also request for deferment of principal repayment for up to one year, subject to assessment by participating financial institutions.

Trade Loan programmes (EFS-Trade Loan): The EFS-Trade Loan helps SMEs access trade financing amidst the current environment of slower business activities and longer payment cycles. Under the latest EFS-Trade Loan, SMEs may now borrow up to S\$10 million to finance their trade needs such as inventory or stock financing with a repayment period up to one year.

15. In respect of the above schemes, ESG will undertake 90% risk-share for all new applications initiated from 8 April 2020 to 31 March 2021. In other words, in the event of default, the financial institutions will be able to make a claim against ESG for 90% of the unrecovered amount.

Deferred Payment of Principal on Secured SME Loans

16. SMEs may now opt to defer principal payments on their secured term loans and pay only interest up to 31 December 2020, subject to the financial institutions' assessment in each case. SMEs can also opt to extend their loan tenure by up to the corresponding principal deferment period.

Others

Temporary Relief from Legal Action

17. Under the COVID-19 (Temporary Measures) Act 2020, SMEs will have temporary relief and protection if they cannot fulfil their contractual obligations because of COVID-19. You can refer to our client update at https://www.quahewoo.com/web/skin/uploads/2020/04/Client-Update-COVID-19-Temporary-Measures-Act_as-of-22-April-2020.pdf for more information on the various reliefs and protections available.

We hope the overview is useful. Please feel free to contact us if you require our assistance or if you wish to find out more about the measures or initiatives above.

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SINGAPORE

Quahe Woo & Palmer LLC
180 Clemenceau Avenue
Haw Par Centre #02-02
Singapore 239922

T +65 6622 0366
F +65 6622 0377

HONG KONG

Quahe Woo & Palmer (Hong Kong)
2512 Lippo Centre Tower 1,
89 Queensway,
Hong Kong

T +852 2877 1782
F +852 2877 1127

enquiry@quahewoo.com
www.quahewoo.com