

Re-Align Framework for Businesses to Renegotiate Contracts

Eligibility and contracts covered

What is the Re-Align Framework?

Small and micro enterprises who have been significantly impacted by COVID-19 and need to review their business models and contractual obligations will benefit from the Re-Align Framework.

The framework will provide a **quick and fair way for 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?

Two key criteria will be used to identify eligible businesses:

- **Businesses will be subject to an annual revenue cap.** This identifies small and micro enterprises, who may have less resources and renegotiating power.
- **Businesses must have experienced a significant fall in revenue.** This identifies businesses who have been severely impacted by COVID-19, even after economic and social activities have resumed.

The Ministry of Law will announce further details in due course.

What contracts are covered?

The Re-Align Framework will apply if a contract:

- Is governed by Singapore law
- Was entered into before 25 March 2020
- Has at least one party who has a place of business in Singapore
- 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)
 - 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

