

Corporate Real Estate

## Extension to Temporary Relief Measures for Property Sector due to COVID-19 Pandemic

### Introduction

On 28 June 2021, the Singapore Government announced an extension to the temporary relief measures<sup>1</sup> ("**June 2021 Extension of Temporary Relief Measures**") for the property sector. The June 2021 Extension of Temporary Relief Measures extends the temporary relief measures announced on 6 May 2020 ("**May 2020 Temporary Relief Measures**") (covered in our Update in May 2020 on "Temporary Relief Measures against Disruptions Caused by COVID-19 and 'Circuit Breaker' Measures for Eligible Property Developers & Married Couples", accessible [here](#)) and the additional temporary relief measures announced on 8 October 2020 ("**October 2020 Temporary Relief Measures**") (covered in our Update in October 2020 on "Temporary Relief Measures for Property Sector due to COVID-19 Pandemic", accessible [here](#)) which were granted to offer immediate relief for eligible property developers in view of disruptions to construction timelines arising from the COVID-19 pandemic. Again, the Singapore Government has emphasised that these temporary relief measures do not alter the Government's prevailing residential property market cooling measures.

### June 2021 Extension of Temporary Relief Measures for Property Developers

The June 2021 Extension of Temporary Relief Measures aims to alleviate the effects of the COVID-19 pandemic on the construction timelines and schedules for property developers as border measures were tightened from April and May 2021 due to a resurgence in COVID-19 infections. Broadly, the June 2021 Extension of Temporary Relief Measures comprises the following:

- (a) Extension of the Project Completion Period ("**PCP**") by six months for residential, commercial and industrial development projects in respect of qualifying residential, commercial and industrial projects on Government sale sites, or on land which was directly alienated or had their lease renewed by the Singapore Land Authority ("**SLA**");

**Contribution Note:** This Client Update was written with contributions from Jolene Loh, Practice Trainee, from Corporate Real Estate.

<sup>1</sup> For more details, please refer to the Singapore Government's press release (accessible [here](#))

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- (b) Extension of time by six months for the commencement and completion timelines of the residential development projects in relation to the remission of the Additional Buyer's Stamp Duty ("**ABSD**") for qualifying housing developers;<sup>2</sup> and
- (c) Extension of the PCP by six months to housing developers for residential development projects under the Qualifying Certificate ("**QC**") regime, granted pursuant to Section 31 of the Residential Property Act (Cap. 274) ("**RPA**"), by way of a waiver of extension charges chargeable under the terms of the QC for the completion of the construction of the housing units in residential developments.

While construction works have gradually resumed since August 2020, the construction sector may continue to experience manpower shortages and disruptions to construction timelines as a result of tightened border measures that limit the inflow of migrant workers. The extension to the temporary relief measures are targeted to grant additional time and support to contractors and developers in relation to the construction timeline requirements of the PCP, ABSD regime and QC regime. However, it bears noting that there will be no extension of the timeline for developers to dispose of all the housing units in the residential developments under the June 2021 Extension of Temporary Relief Measures – this is similar to the October 2020 Temporary Relief Measures.

From the Government's press release:

- (a) the eligibility conditions to qualify for the extension of the PCP for qualifying residential, commercial and industrial development projects are as follows:

- (1) The land was awarded on or before 7 May 2021; or the land was directly alienated or had their lease renewed by SLA on or before 7 May 2021; and
- (2) The original timeline for completion of the development expired on or after 1 February 2020.

Qualifying developers will be notified by the respective agencies. No application is necessary.

- (b) the eligibility conditions to qualify for the extension of the specified timeline for commencement and completion of residential development projects in relation to the remission of ABSD are as follows:

- (1) The land was purchased on or before 7 May 2021; and
- (2) The original timelines for commencement or completion of the development expired on or after 1 February 2020.

<sup>2</sup> For more details, please refer to the Stamp Duties (Housing Developers) (Remission of ABSD) (Amendment) Rules 2021 (accessible [here](#)); Stamp Duties (Housing Developers) (Remission of ABSD) Rules 2013 (accessible [here](#)) & Stamp Duties (Non-Licensed Housing Developers) (Remission of ABSD) (Amendment) Rules 2021 (accessible [here](#)); Stamp Duties (Non-Licensed Housing Developers) (Remission of ABSD) Rules 2015 (accessible [here](#)).

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Qualifying developers will be granted the extension automatically. No application is necessary.

(c) For developers under the QC regime, the conditions to be met to qualify for the waiver of extension charges to extend the PCP are as follows:

- (1) The QC or SLA approval requiring the completion of all units in the residential development was issued on or before 7 May 2021; and
- (2) The original timeline for completion of the residential development expired on or after 1 February 2020.

Qualifying developers are to write to SLA's Land Dealings Approval Unit ("**LDAU**") at [SLA\\_LDU@sla.gov.sg](mailto:SLA_LDU@sla.gov.sg) by 1 December 2021 to apply. Developers which had already applied for and obtained an extension of their existing completion deadlines under the May 2020 Temporary Relief Measures or October 2020 Temporary Relief Measures will automatically be granted this additional six-month waiver of extension charges, and will be notified of their new deadlines by LDAU.

Please note that the extension charges will not be waived for the extension of the deadline to dispose of all housing units of the residential development.

The June 2021 Extension of Temporary Relief Measures granted to eligible property developers, to be implemented with immediate effect, are summarised in the table below.

	PCP imposed on residential and non-residential development projects on Government sale sites, or on residential and non-residential land which was directly alienated from or had their lease renewed by SLA	ABSD post-remission conditions for non- licenced and licenced housing developers <sup>3</sup>			Housing developers under the QC Regime <sup>4</sup>
<b>Timelines / deadlines prior to the extensions granted under the May 2020 and October 2020</b>	Dependent on terms of purchase, alienation and/or lease renewal (as the case may be) imposed by the authorities.	Commencement of residential development within two years from the date of purchase of land (or collective sale order).	Completion of construction of residential development:  (i) (for licenced housing developers) within	Sale of all housing units in the residential development:  (i) (for licenced housing developers)	(i) Completion of construction of residential development and obtaining the Temporary Occupation Permit (" <b>TOP</b> ") or

<sup>3</sup> *Ibid.*

<sup>4</sup> Section 31 of the RPA.

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	PCP imposed on residential and non-residential development projects on Government sale sites, or on residential and non-residential land which was directly alienated from or had their lease renewed by SLA	ABSD post-remission conditions for non- licenced and licenced housing developers <sup>3</sup>			Housing developers under the QC Regime <sup>4</sup>
<b>Temporary Relief Measures and the June 2021 Extension of Temporary Relief Measures</b>			five years from the date of purchase of land (or collective sale order); and  (ii) (for non-licensed housing developers) within three years from the date of purchase of land (or collective sale order).	within five years from the date of purchase of land (or collective sale order); and  (ii) (for non-licensed housing developers) within three years from the date of purchase of land (or collective sale order).	Certificate of Statutory Completion ("CSC") within five years from the date of issue of the QC (or collective sale order); and/or  (ii) Disposal of all housing units within two years from the issue of TOP or CSC.
<b>Extension granted under May 2020 Temporary Relief Measures</b>	Extension of PCP by <b>six months</b> .	Extension of timeline for commencement of residential development by <b>six months</b> .	Extension of timeline for completion of residential development and sale of all housing units in the residential development project by <b>six months</b> .	Extension of timeline for sale of all housing units in the residential development project by <b>six months</b> .	Grant of waiver of extension charges of up to total of <b>six months</b> for existing completion and/or disposal deadlines.
<b>Extension granted under October 2020 Temporary Relief Measures</b>	Further extension of PCP by <b>six months</b> .	Further extension of timeline for commencement of residential development by <b>six months</b> .	Further extension of timeline for completion of residential development by <b>six months</b> .	<b>No further extension</b> of timeline for sale of all housing units in the residential development project.	Grant of waiver of extension charges for a further <b>six months</b> for existing completion deadline.  No waiver of extension charges for the extension of deadline to dispose of all housing units of the residential development.
<b>Extension granted under June 2021 Extension of Temporary Relief Measures</b>	Extension of PCP by <b>six months</b> .  Where land was awarded, directly alienated or had their lease renewed by	Extension of timeline for commencement of residential development by <b>six months</b> .	Extension of timeline for completion of residential development by <b>six months</b> .	<b>No extension</b> of timeline for sale of all housing units in the residential development project.	Grant of waiver of extension charges for <b>six months</b> for existing completion deadline.

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	<b>PCP imposed on residential and non-residential development projects on Government sale sites, or on residential and non-residential land which was directly alienated from or had their lease renewed by SLA</b>	<b>ABSD post-remission conditions for non- licenced and licenced housing developers<sup>3</sup></b>			<b>Housing developers under the QC Regime<sup>4</sup></b>
	SLA on or before 1 June 2020, the above six months' extension is in addition to the cumulative 12 months' extension granted under the May 2020 and October 2020 Temporary Relief Measures.	For qualifying housing developers who purchased the land on or before 1 June 2020, the above six months' extension is in addition to the cumulative 12 months' extension granted under the May 2020 and October 2020 Temporary Relief Measures.	For qualifying housing developers who purchased the land on or before 1 June 2020, the above six months' extension is in addition to the cumulative 12 months' extension granted under the May 2020 and October 2020 Temporary Relief Measures.		Where the QC or SLA approval requiring the completion of all units in the residential development was issued on or before 1 June 2020, the above six months' extension is in addition to the cumulative 12 months' extension that was granted under the May 2020 and October 2020 Temporary Relief Measures.  No waiver of extension charges for the extension of deadline to dispose of all housing units of the residential development.
<b>Qualifying Criteria for the June 2021 Extension of Temporary Relief Measures (all conditions must be met)</b>	(i) The land was awarded on or before 7 May 2021, or the land was directly alienated or had their lease renewed by SLA on or before 7 May 2021; and  (ii) The original timeline for the project to be completed was on or after 1 February 2020.	(i) The land was purchased on or before 7 May 2021; and  (ii) The original timeline for commencement of the residential development expired on or after 1 February 2020.	(i) The land was purchased on or before 7 May 2021; and  (ii) The original timeline for completion of the residential development expired on or after 1 February 2020.	N.A.	(i) The QC or SLA approval requiring the completion of all units in the residential development was issued on or before 7 May 2021; and.  (ii) The original timeline for completion of the residential development expired on or after 1 February 2020.
<b>Applicability of June 2021 Extension of</b>	Eligible developers will be notified by the respective agencies.	Eligible developers will be granted extension	Eligible developers will be granted extension	N.A.	Eligible developers who have applied for and obtained an

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	PCP imposed on residential and non-residential development projects on Government sale sites, or on residential and non-residential land which was directly alienated from or had their lease renewed by SLA	ABSD post-remission conditions for non- licenced and licenced housing developers <sup>3</sup>		Housing developers under the QC Regime <sup>4</sup>
<b>Temporary Relief Measures</b>	No application is necessary.	automatically. No application is necessary.	automatically. No application is necessary.	<p>extension under the May 2020 and October 2020 Temporary Relief Measures will be automatically granted the further six months waiver of extension charges (for the completion of all units in the residential development), and will be notified of their new deadlines by SLA's LDAU.</p> <p>Otherwise, eligible developers are to write to LDAU at SLA_LDU@sla.gov.sg by 1 December 2021 to apply.</p>

## Conclusion

In light of the tightened border restrictions in April and May 2021, property developers have faced disruptions to their manpower supply and construction timelines. As Singapore transitions into a new normal where COVID-19 becomes endemic, the Government has stated in its press release that it will continue to closely monitor the normalisation of activities in the construction industry and the property sector and continue to support stakeholders as necessary and appropriate. By granting a further extension of time in addition to the May 2020 Temporary Relief Measures and the October 2020 Temporary Relief Measures, the Government hopes to support developers and contractors in their efforts to complete development projects in a timely manner, while ensuring compliance with safety measures. The June 2021 Extension of Temporary Relief Measures continues to offer a fair measure of relief to developers from financial penalties that they may be liable for if they were unable to complete construction of their residential, commercial or industrial development projects under the original timelines imposed by the relevant authorities.

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It should be noted that the alleviation of financial penalties resulting from the extension of time for temporary relief measures pertains to that between the Government and developers. This does not change the delivery of vacant possession date ("**VP Date**") stated in the Sale & Purchase Agreement entered into between developers and purchasers for licensed developments ("**SPA**"). Therefore, if construction of such development is disrupted or stalled and a developer is unable to deliver vacant possession of the units to its purchasers by the VP Date, the developer would still be liable to pay liquidated damages to the purchasers pursuant to the terms in the SPA, unless the developer qualifies under the new Part 8C of the COVID-19 (Temporary Measures) Act 2020 ("**Part 8C**"), subject to the conditions therein.<sup>5</sup> As a self-help remedy, developers should therefore consider stipulating a longer VP Date in the Option to Purchase and SPA prior to the launch of the development project to allow for some buffer time, taking into account the challenges they may face due to the labour crunch and disruptions to construction timelines attributable to the ongoing COVID-19 pandemic.

#### **Part 8C comes into operation**

It should be noted that Part 8C, as well as the relevant subsidiary legislation in the COVID-19 (Temporary Measures) (Part 8C Relief) Regulations 2021, has just come into operation on 1 July 2021. Part 8C allows a developer who is unable to meet the date of delivery of possession of a housing accommodation or commercial property to seek an extension of time of up to 122 days. Developers may also seek certification from an assessor under Part 8C to extend the delivery date beyond 122 days (the assessor will determine the reasonable period of extension). In such cases, the developer must serve written notice on the purchasers (i) to extend the delivery date by up to 122 days or (ii) on the developer's intent to seek the assessor's certification for an extension of more than 122 days (as the case may be) in the prescribed form and manner and within the prescribed period. The above extensions are subject to qualifying costs which may be claimed by the purchaser.

The above Part 8C extensions only apply if the agreement between the developer and the purchaser falls within the prescribed criteria in Part 8C. The purchaser's entitlement to claim reimbursement from the developer for the qualifying costs incurred by the purchaser due to the extension of the delivery date is up to a cap of 70% of the original liquidated damages that the developer would, but for the extension under the Part 8C relief, be liable to pay to the purchaser under the affected sale and purchase agreement. An assessor's determination may be sought if there is any dispute over the qualifying costs claimed by purchaser.

To keep you updated on this development, we will be issuing a further Client Update with more information on the new Part 8C soon.

Visit our [COVID-19 Resource Centre](#) for views from our lawyers across the region on common issues and legal implications brought about by COVID-19. For specific inquiries, please reach out to your relationship partner or send an email to our [COVID-19 Legal Team](#).

<sup>5</sup> For more details, please refer to the COVID-19 (Temporary Measures) Act 2020 (accessible [here](#)).

## Contacts



**Elsa Chai**  
Head, Corporate Real  
Estate

T +65 6232 0512

[elsa.chai@rajahtann.com](mailto:elsa.chai@rajahtann.com)



**Norman Ho**  
Senior Partner, Corporate  
Real Estate

T +65 6232 0514

[norman.ho@rajahtann.com](mailto:norman.ho@rajahtann.com)



**Chou Ching**  
Partner, Corporate Real  
Estate

T +65 6232 0693

[chou.ching@rajahtann.com](mailto:chou.ching@rajahtann.com)



**Gazalle Mok**  
Partner, Corporate Real  
Estate

T +65 6232 0951

[gazalle.mok@rajahtann.com](mailto:gazalle.mok@rajahtann.com)

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Please feel free to also contact Knowledge and Risk Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)



## Our Regional Contacts

### RAJAH & TANN | *Singapore*

#### Rajah & Tann Singapore LLP

T +65 6535 3600  
sg.rajahtannasia.com

### R&T SOK & HENG | *Cambodia*

#### R&T Sok & Heng Law Office

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

### RAJAH & TANN 立杰上海

#### SHANGHAI REPRESENTATIVE OFFICE | *China*

#### Rajah & Tann Singapore LLP Shanghai Representative Office

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

### ASSEGAF HAMZAH & PARTNERS | *Indonesia*

#### Assegaf Hamzah & Partners

##### Jakarta Office

T +62 21 2555 7800  
F +62 21 2555 7899

##### Surabaya Office

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

### RAJAH & TANN | *Lao PDR*

#### Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

### CHRISTOPHER & LEE ONG | *Malaysia*

#### Christopher & Lee Ong

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

### RAJAH & TANN | *Myanmar*

#### Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346  
F +95 1 9345 348  
mm.rajahtannasia.com

### GATMAYTAN YAP PATACSIL

#### GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

#### Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32  
F +632 8552 1977 to 78  
www.cagatlaw.com

### RAJAH & TANN | *Thailand*

#### R&T Asia (Thailand) Limited

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

### RAJAH & TANN LCT LAWYERS | *Vietnam*

#### Rajah & Tann LCT Lawyers

##### Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673  
F +84 28 3520 8206

##### Hanoi Office

T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

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