

Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid 19) Act 2020 (w.e.f. 23.10.2020)

In essence:

- * regulates contractual obligations
- * amends specific provisions of law on temporary basis
- * effective for initial max period of 2 years but may be extended by Prime Minister - not all provisions apply for 2 years



Important for construction industry:

- * Part 2 on contractual obligations
- * Part 11 on housing development

Part 2

Contractual obligations

Validity: 18.3.2020 to 31.12.2020 (can be extended)

3 important points:

- # covers inability to perform contractual obligations due to Covid-19
- # provides for dispute resolution by mediation
- # saving for rights exercised prior to Covid-19 Act

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Inability to perform contract

- # construction contracts, consultancy contracts, supply contracts
- # must be due to Covid-19 measures
- # no exercise of rights
 - employers cannot call PB, terminate, appoint 3rd parties, set-off
 - contractors cannot suspend, terminate
- # not automatic EOT/waiver, only suspension for limited period

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Mediation

- # "may" - means not mandatory
- # mediation unit set up by Minister of Law

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Saving provision

- # any exercise of contractual rights from 18.3.2020 to date of publication of Act deemed valid

IMPORTANT REMINDER

If your breach of contract is not due to Covid-19 measures, this Act does not assist you.

Part 11

Housing development

- # retrospective effect from 18.3.2020
- # covers scheduled agreements by housing developers

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No late payment charges on purchasers

- # 18.3.2020 to 31.8.2020
- # Purchaser can apply for extension until 31.12.2020

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No LAD for delay

- # 18.3.2020 to 31.8.2020
- # Developer can apply for extension until 31.12.2020
- # Act does NOT say that purchaser cannot terminate

Act does NOT say that either the developer or the purchaser cannot terminate the agreement!

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Extension of DLP

- # 18.3.2020 to 31.8.2020 excluded from calculation of defects liability period
- # may be extended

IMPORTANT:
There is NO corresponding extension of DLP for contractors

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Saving provision

- # No effect on claims made before publication of Act
- # Late payment charges or LAD paid not refundable

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Claims to housing tribunal

- # claims that would have expired from 18.3.2020 to 9.6.2020 extended until 31.12.2020