

Extended Support Scheme – Standardised (ESS-S)

Frequently Asked Questions

Eligibility

1. I manage an SME in Tier 1 or 2 sectors and I am able to resume paying my regular loan instalments in full after the existing relief expires. Can I apply for the extended relief under ESS-S?

In general, you should apply for the ESS-S only if you are unable to resume paying loan instalments in full after the existing relief expires. However, you may still apply for the ESS-S if you need additional flexibility during the relief period.

Borrowers should take note that further postponement in loan repayments will increase the overall borrowing costs in the long run, so this decision should be considered carefully.

2. Is the extended relief under ESS-S available to all SMEs?

The extended relief up till 30 September 2021 is only available to SMEs in Tier 1 and 2 sectors, including sole proprietors and partnerships, with: i) annual sales turnover of up to S\$100 million; or ii) employment size up to 200 workers, subject to the following eligibility criteria:

- No overdue payments on loans under moratorium; AND
- All other loan repayments are no more than 30 days past due.

3. How do I determine my company's Tier from the JSS notice?

For JSS notices related to payouts before October 2020, you may determine your company's Tier based on the level of wage support received by your company.

For JSS notices related to payouts from October 2020 onwards, the company's Tier will be explicitly stated in the notice.

The table provides an illustration on how to determine your company's Tier based on JSS notices across these two periods.

JSS Tier	<u>For notices related to payouts before October 2020.</u> (Refer to sample notice 1 below)	<u>For notices related to payouts from October 2020.</u> (Refer to sample notice 2 below)
Tier 1	"Your company will receive \$xx,xxx for JSS tier 75% in"	"Your company is eligible for Tier 1 JSS support on the"

Tier 2	“Your company will receive \$xx,xxx for JSS tier 50% in”	“Your company is eligible for Tier 2 JSS support on the ”
Tier 3A and 3B	“Your company will receive \$xx,xxx for JSS tier 25% in”	“Your company is eligible for Tier 3A/3B JSS support on the ”

Sample notice 1:

Your company will receive \$XX,XXX for JSS tier (xx%) in September 2020. This is an adjustment factoring the higher support provided to some sectors at the Fortitude Budget and/or a successful appeal by your company for additional JSS.

Sample notice 2:

Your firm is eligible for Tier X JSS support on the first \$4,600 of gross monthly wages for each local employee (Singapore Citizens and Permanent Residents). We are pleased to inform you that you will receive the third JSS payout this month, computed based on wages paid in May

4. I am not receiving any wage support through JSS. How will I be tiered under the scheme?

For SMEs that are not receiving wage support through JSS, their banks or finance companies will determine which sector they are operating in, and the consequent length of relief.

5. I had met the eligibility criteria at the point of application and received my bank’s approval for the ESS-S relief. However subsequently, I encountered financial difficulties and my loan repayments were more than 30 days past due. Will the bank disqualify my application even though it was already approved?

Yes, the bank may disqualify your application if you do not meet the eligibility criteria by the time the ESS-S relief is implemented for you.

You can either repay your arrears as soon as possible before applying for the ESS-S relief again, or speak to your lender directly to discuss other forms of assistance, including loan restructuring, to help ease your financial difficulties.

Application Process

6. When can I start applying for the ESS-S?

You may apply to your lenders from 24 June 2021 onwards.

7. How do I contact my bank to apply for the ESS-S for my loan(s)? Do I need to visit the banks’ branches to submit or sign documents?

You should apply for the relief measure directly with your lender.

Please do not visit your lender’s branches unless necessary, and maintain social distancing if you do.

8. When will my application be approved?

Your lender will seek to process your application expeditiously. However, there may be some delays depending on the volume of applications and the need to obtain additional information from you (e.g. JSS Notice from IRAS) to determine eligibility. We seek your patience in this regard.

9. I have already exited the ESS-S. However, if I have cashflow issues again, would I be able to apply again for the ESS-S?

Yes, you may apply for the ESS-S again even though you have already exited the scheme, if you meet the eligibility criteria. However, the duration of the ESS-S 80% principal moratorium will start from the time that the relief is implemented for you, and end on 30 September 2021.

If the ESS-S does not address your new cashflow issues, please approach your lender to explore alternative arrangements, which will be subject to separate evaluation.

10. If I opt into the ESS-S, can I still apply for the ESS-C?

Yes, you may approach your bank or finance company directly if you encounter financial difficulties after opting into the ESS-S and need to consider other forms of assistance, including more comprehensive loan restructuring.

Scope of Relief

11. Are my trade credit facilities or non-ESG unsecured loans covered under the ESS-S relief?

No, trade credit facilities and non-ESG unsecured loans are not covered under the ESS-S relief.

If required, please discuss the extension of relief to such other facilities with your lender for consideration outside the ESS-S.

12. Is there a corresponding extension of loan tenure, if I opt into the ESS-S?

The ESS-S does not provide for a corresponding extension to the loan tenure.

If required, please discuss the extension of the loan tenure with your lender for consideration outside of the ESS-S.

13. If I am an SME in a Tier 1 sector and apply for the ESS-S in end Aug 2021, will I receive 3 months of principal moratorium or only 1 month?

You may only receive up to 1 month of ESS-S relief, subject to the bank's determination of the effective implementation date of the ESS-S relief for you.

Please approach your lender early if you anticipate the need to apply for the ESS-S.

14. The ESS-S relief that I am eligible for is not sufficient to alleviate my cash flow constraints. Can I request for a longer relief period?

If the ESS-S does not address your cashflow issues, please approach your lender to explore alternative arrangements, which will be subject to separate evaluation.

15. Due to the COVID-19 situation, my business is facing severe financial stress and loss of income. What can I do if I am not able to repay my loans even with the available relief measures?

If the ESS-S does not address your SME's cashflow issues, please approach your lender to explore alternative arrangements, which will be subject to separate evaluation.

SMEs with more than one lender can consider tapping into available multi-lender restructuring schemes, such as the Extended Support Scheme – Customised (ESS-C) offered by banks and finance companies. The ESS-C will bring your lenders together to facilitate better restructuring outcomes. It complements other restructuring assistance schemes under Ministry of Law's (MinLaw) proposed Simplified Insolvency Programme for micro and small companies and CCS' Sole Proprietors and Partnerships Scheme ("SPP Scheme").

SMEs should approach any one of their lenders to assess if they would benefit from a multi-lender restructuring under the ESS-C. More details on the ESS-C will be provided in the coming weeks.

Extended Support Scheme – Customised (ESS-C)

Eligibility

16. When should I consider the ESS-C?

You should be an SME with more than one lender and have attempted to work out bilateral arrangements with your respective lenders. In addition, you have assessed that CCS' SPP Scheme and MinLaw's Simplified Insolvency Programme are not suitable for you, if these schemes are operational. Please refer to the [infographic](#) for the eligibility criteria for CCS' and MinLaw's restructuring schemes.

You should then approach any one of your lenders to recommend your SME to the ESS-C.

Application Process

17. When can I start applying for the ESS-C?

You may apply to any one of your lenders from 2 November 2020. Application period ends on 31 December 2021.

18. How does the application process work?

A recommendation from one of your lenders is necessary, for entry into ESS-C.

You may approach any of your lenders and submit an application for the ESS-C together with supporting documents (See Question 17).

The approached lender will assess if the ESS-C is expected to facilitate a better outcome for your SME, as compared to you engaging each lender individually. If so, the lender will recommend you for entry into the programme.

19. What kind of documents am I required to prepare and submit?

You are required to submit an application for ESS-C to one of your lenders, accompanied by supporting documents, which include but are not limited to:

- Declaration of all the SME's banking facilities;
- Latest financial statements;
- Financial projections; and
- Business plans.

Your lenders may also conduct interviews with your SME, together with a restructuring adviser.

20. What are the costs involved in applying for the ESS-C?

There is no application fee. However, as part of the restructuring process, you will need to incur the cost of appointing a restructuring adviser ("ESS Assessor") if you have more than 2 lenders, or your outstanding credit amount is S\$10 million or more. You may also incur the cost of executing new legal documentation.

21. What happens if I refuse to provide information requested by the lenders?

You may be disqualified from the ESS-C if you do not cooperate with the lenders' requests such that they are unable to formulate a credible restructuring plan.

22. Can I apply for the ESS-C if I have multiple credit facilities with only one lender?

No, the ESS-C is available for SMEs with more than one lender and for whom CCS' SPP Scheme and MinLaw's Simplified Insolvency Programme are not suitable.

You may approach your lender directly and discuss your restructuring options.

If you are a qualifying micro or small company with liabilities up to S\$2 million, you can also consider the MinLaw's Simplified Insolvency Programme for restructuring options.

23. I have credit facilities with 5 FIs. Can I choose to apply for the ESS-C Scheme for credit facilities with 2 FIs (and hence the ESS-Assessor would not be required)?

No, the ESS-C Scheme is an industry-coordinated scheme and all FIs who have granted credit facilities to the SME will have to be involved in the ESS-C. SMEs will not be able to choose a subset of FIs' credit facilities to undergo the ESS-C.

24. I understand that a Business Viability Test will be conducted if my SME enters the ESS-C. What happens if my SME does not pass the test?

If you face difficulties repaying your BUC loan, you should approach your lender to discuss alternative repayment options on a case-by-case basis. This may include the option of making interest-only payments for a period of time to ease your cashflow burden.

Do note that your monthly instalments under a BUC loan may increase over time, depending on whether further progressive payments are made by your lender during the same period.

25. How long would the restructuring process take?

The restructuring process is expected to take up to 90 days. However, lenders may extend the process where necessary to formulate a credible restructuring plan.

26. Will I be required to execute new legal documentation?

Yes, there is a possibility that new legal documentation will need to be executed, depending on the final restructuring proposal. Applicants should note that such legal costs will be borne by them.

27. Is there any penalty or abortive fee if I choose to terminate the ESS-C Scheme prior to implementation of the restructuring plan?

No. However, your SME will need to bear any costs incurred thus far during the restructuring process (e.g. the cost of appointing an ESS Assessor, legal documentation costs, etc.).

28. What are the loans that can be restructured under the scheme?

ESS-C is intended to cover all credit facilities granted by FIs, including secured and unsecured credit facilities, as well as credit facilities granted under ESG support schemes.

29. Does the ESS-C Scheme cover debts owed to trade creditors/suppliers?

No, the ESS-C Scheme only covers credit facilities granted by FIs.