

## EXTENDED SUPPORT SCHEME FOR SMES

### Frequently Asked Questions

#### Eligibility

#### 1. I am able to resume paying my regular loan instalments in full after the existing relief expires. Can I apply for the ESS-Standardised (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.

Customers 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 relief under ESS-S available to all SMEs?

The scheme is available to all SMEs 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 interest 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 below provides an illustration on how you may 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> <i>(Refer to Sample notice 1 below)</i>	<u>For notices related to payouts from October 2020.</u> <i>(Refer to Sample notice 2 below)</i>
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, your bank will determine which sector your company is operating in, and the consequent length of relief.

#### **5. My monthly instalment was 60 days past due when I applied for the SFRP. As the eligibility criteria for ESS-S is 30 days past due for all loan repayments, are the loans under SFRP still eligible for the ESS-S?**

The loans under SFRP will still qualify for the ESS-S so long as you do not have any overdue interest payments for them.

#### **6. The value of my collateral for my secured loan has dropped while I was under the SFRP. Can I still qualify for the ESS-S relief?**

Subject to the other conditions on interest payments, the loan under SFRP would qualify for the ESS-S relief so long as the loan was fully secured by the value of the collateral at the point of application for the SFRP.

#### **7. 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 bank directly to discuss other forms of assistance, including loan restructuring, to help ease your financial difficulties.

#### Application Process

#### **8. When can I start applying for the ESS-S?**

You may apply to your bank(s) from 2 November 2020 onwards.

#### **9. 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 bank.

Please do not visit your bank's branches unless necessary, and maintain safe distancing if you do.

#### **10. When will my application be approved?**

Your bank 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.

**11. I am currently under the SFRP and have decided not to extend the principal moratorium beyond December 2020. However, if I have cashflow issues a couple of months later (e.g. in February 2021), would I be able to apply for the ESS-S?**

Yes, you may still apply for the ESS-S after the principal moratorium of your secured loan has ended in December 2020, 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 either 31 March 2021 or 30 June 2021 depending on the Tier to which your company belongs.

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

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

Yes, you may approach your bank 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

**13. 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 bank for consideration outside the ESS-S.

**14. 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 bank for consideration outside the ESS-S.

**15. If I am a SME in a Tier 1 sector and apply for the ESS-S in end May 2021, will I receive 6 months of principal moratorium or only 1 month? If I am a SME in a Tier 3 sector and apply for the ESS-S at end February 2021, will I receive 3 months of ESS-S relief or only 1 month?**

In both instances, you may receive only 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 bank early if you anticipate the need to apply for the ESS-S.

**16. 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 bank to explore

alternative arrangements, which will be subject to separate evaluation.

**17. Due to the COVID-19 situation, I am 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 new cashflow issues, please approach your bank 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) programme 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's) proposed Simplified Insolvency Programme for small and micro companies and Credit Counselling Singapore's Help Scheme for sole proprietors and partnerships.

SMEs should approach any one of their banks 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)**

**18. 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.

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

ESS-C is intended to cover all credit facilities granted by participating financial institutions, including secured and unsecured credit facilities, as well as credit facilities granted under Enterprise Singapore's (ESG's) support schemes.

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

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

**21. 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 bank and for whom CCS' SPP Scheme or MinLaw's Simplified Insolvency Programme are not suitable.

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

If you are a qualifying micro or small company<sup>1</sup> with liabilities up to \$2 million, you can also

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<sup>1</sup> Micro and Small Companies are companies with an annual revenue of less than \$1 million and \$10 million respectively, subject to other further eligibility criteria as prescribed in the legislation.

consider the MinLaw's Simplified Insolvency Programme for restructuring options.

### Application Process

#### **22. When can I start applying for the ESS-C?**

You may apply to any one of your banks from 2 November 2020. The application period ends on 30 June 2021.

#### **23. What is the application process?**

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

You may approach any of your banks and submit an application for the ESS-C together with supporting documents (See Question 22).

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

#### **24. 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 banks , accompanied by supporting documents, which include but are not limited to:

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

Your banks may also conduct interviews with your company, together with a restructuring adviser.

#### **25. 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 banks' requests such that they are unable to formulate a credible restructuring plan.

#### **26. How long would the restructuring process take?**

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

### Others

#### **27. 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.

#### **28. 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 incur the

cost of appointing a restructuring adviser (“ESS Assessor”) if you have more than 2 lenders, or if your outstanding credit amount is S\$10 mil or more. You may also incur the cost of executing new legal documentation.

**29. 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, any costs that have been incurred thus far (eg. ESS-Assessor costs, legal documentation costs) would have to be borne by the applicant.

**30. 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 participating FIs that 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.

**31. 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?**

The Business Viability Test is an assessment of the SME’s cash flows and capacity to meet its operating expenses and debt obligations. The assessment will be made based on information submitted by the SME, such as past financial statements, financial projections, and business plans, as well as interviews with the SME.

SMEs that do not pass the Business Viability Test will not be able to proceed further with the ESS-C restructuring, and may wish to consider other options such as winding up.

SMEs are required to bear any costs incurred during the process (e.g. the appointment of an ESS Assessor, if applicable, to conduct the Business Viability Test). SMEs should therefore weigh the potential costs and benefits carefully before applying for the ESS-C.