

Govt looking at simpler liquidation process for pandemic-hit firms

Move aimed at helping people behind these businesses avoid financial damage in the long run



Charmaine Ng

Businesses that are hurt by the coronavirus pandemic and need to liquidate will soon be able to do so in an easier way.

The Government is looking at a simplified liquidation scheme to help these businesses wind up so that the people behind the businesses are not hurt in the long term, said Second Minister for Law Edwin Tong yesterday.

“If you allow the company to fail, and the usual consequences of bankruptcy and all that follow, then it’s difficult for the individual to

resurrect the business even when the economy picks up,” he said. “So we’re looking at a form of simplifying the process, making sure those who can restructure or can find new investors can do so easily.”

Mr Tong, who is also Minister for Culture, Community and Youth, made the comments during a public webinar hosted by Singapore Management University’s (SMU) Pro Bono Centre on the challenges for individuals, families and business during the pandemic.

They come two weeks after Deputy Prime Minister Heng Swee Keat said on Aug 17 that a small number of businesses that may not be able to reopen soon, such as those in the nightlife industry, will get help in transitioning to other activities or to ease their exit.

Yesterday, Mr Tong also said the Government is looking to provide companies – such as those in travel

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or in the meetings, incentives, conferences and exhibitions sector – with a simplified way to restructure their businesses, as these firms would otherwise not survive in the short term due to the pandemic.

In some cases where restructuring does not work to improve the sustainability of these businesses, the simplified liquidation process will help prevent individuals behind them from being financially damaged in the long run, he said.

He added that despite government measures, there will be “unevenness” on the ground, which will be inevitable.

But the goal of the measures is to make sure that Singaporeans and businesses are best placed to take advantage of the upturn once the economy is back on track, he said.

Mr Tong was one of four panellists at the webinar, alongside Law Society of Singapore president Gregory Vijayendran; SMU vice-provost for faculty matters Lee Pey Woan; and Trans Family Service Centre (Bedok Reservoir) director Jermaine Quek.

During the session, Mr Tong also said the Government will be looking at extending the timeframe for alternative arrangements for holding annual general meetings under the Covid-19 (Temporary Measures) Act introduced in April. The current deadline is the end of this month.

The move will give companies, societies and charities certainty in carrying on with their meetings, which may take months to plan and organise, he added.

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