

[**Superseded:** Please refer to <https://go.gov.sg/bca-circular-claims-ap-eot> for the latest circular]

7 April 2020

To: All firms registered in BCA's Contractors Registration System (CRS)

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## CIRCULAR ON

- (A) ONE-OFF ADVANCE PAYMENT FOR PUBLIC SECTOR CONSTRUCTION CONTRACTS AFFECTED BY THE SUSPENSION OF ACTIVITIES AT WORKPLACES DUE TO COVID-19; AND
- (B) PASSING DOWN OF FOREIGN WORKER LEVY REBATE TO WORK PERMIT AND S PASS HOLDERS

This circular informs all contractors registered in BCA's Contractors Registration System (CRS) on the (A) one-off advance payment for ongoing public sector construction contracts affected by the suspension of activities at workplaces due to COVID-19; and (B) passing down of foreign worker levy rebate to work permit and S Pass holders.

2 In line with MTI's announcement on the suspension of all non-essential activities at workplaces to reduce the risk of further local transmission of COVID-19, BCA has issued an Advisory on 3 April 2020 to inform contractors that all building work as defined in the Building Control Act, except for works that are deemed essential, are required to cease with effect from 7 April 2020 to 4 May 2020 ("Stop Work Period").

### A. ONE-OFF ADVANCE PAYMENT IN PUBLIC SECTOR CONSTRUCTION CONTRACTS

3 During the Stop Work Period, contractors would not receive any progress payment for the month, unless for undertaking of essential work. To mitigate the undesirable impact of cashflow and ensure the industry capacity is being preserved, **Government Procuring Entities (GPEs) will make a one-off advance payment, on ex-gratia basis, to the main contractors for affected public sector projects during the Stop Work Period.**

4 **In general, the amount of advance payment would be computed based on 50% of the average monthly amount of certified progress payments in past 3 months received by the main contractor, capped at 2.5% of contract sum or \$5 million, whichever is lower,** and the specific quantum of advance payment may vary from project to project, depending on the stage of the projects. **The main contractors and the downstream sub-contractors are expected to apportion and pass down the portion of the advance payment due to their sub-contractors, computed using the same basis, accordingly.** Contracts that have been terminated for default shall not be eligible for the advance payment.

#### Claim and payment process

5 To receive the advance payment, the **main contractor shall submit the list of its first-level sub-contractors involved in the works originally scheduled during the Stop Work Period to the GPE**, either in their regular progress payment claim or as a standalone payment claim from the date of this circular to 30 Apr 2020. **The main contractor shall also include in the claim, the commitment and plan to apportion and pass down the advance payment to its sub-contractors.**

#### Consequence of failure to pass down advance payment

6 Within two (2) weeks from the receipt of the Payment Certificate for the advance payment from the GPE, the main contractor shall submit Payment Responses issued to sub-contractors, to the GPE, as proof of passing down the advanced payment to its sub-contractors. The main contractor shall also indicate to the GPE the amounts and nature of other payments (e.g. expenses on security or vector control) made during the Stop Work Period. **Where a main contractor fails to pass on the advance payment to its sub-contractors, the advanced payment shall be recovered in full in the immediate next progress payment. The main contractor's performance assessment in the project C41 report may also be accorded a "Poor" rating by the GPE.**

7 **Sub-contractors are also expected to similarly pass down a portion of the advance payment received from the main contractor to relevant sub-contractors engaged by them.** As both main contractors and first level sub-contractors in public sector projects are required to be registered in BCA's CRS, **BCA may review the CRS registration of the CRS registered contractor if BCA receives any feedback on the contractor failing to pass down the advance payment received.**

#### Recovery of advance payment

8 The advance payment shall be recovered in six (6) equal instalments, by deducting the instalment sum from subsequent progress payments starting from one (1) month after the end of the Stop Work Period, i.e. from June. Main contractors should apply the same for recovery from sub-contractors. Projects with shorter remaining contract period will see the recovery of advance payment in lesser number of instalments.

### **B. PASSING DOWN OF FOREIGN WORKER LEVY REBATE TO WORK PERMIT AND S PASS HOLDERS**

9 To support BE sector firms that are affected by the Stop Work Period, the Government has announced that the Jobs Support Scheme will be enhanced for the month of April 2020 to help local employees. In addition, employers will receive a foreign worker levy rebate of \$750 for each work permit or S Pass holder. The levy rebate is to help BE sector firms continue paying their foreign employees during the Stop Work Period. As such, **contractors must continue to be responsible for the maintenance and upkeep of their foreign employees and work out mutually agreeable salary and leave arrangements with unions and employees.** Employers should answer SCAL's call to pay workers their basic salary during the Stop Work Period and also engage and ensure that workers' welfare, health and well-being are taken care of. **Irresponsible employers who do not pay salaries to their workers despite receiving the levy rebates will face enforcement actions by MOM or other actions by BCA.**

10 For any clarification, you can contact the following:

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Thank you.

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