Commission Implementing Regulation (EU) No 641/2014 of 16 June 2014 laying down rules for the application of Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy

COMMISSION IMPLEMENTING REGULATION (EU) No 641/2014

of 16 June 2014

laying down rules for the application of Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy

THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009[(1)], and in particular Articles 24(11), 31(2), 34(5), 39(4), 43(13), 45(7), 55(2), 57(4) and 67(3) thereof,

Whereas:

(1) Article 24(8) of Regulation (EU) No 1307/2013 and Articles 20 and 21 of Commission Delegated Regulation (EU) No 639/2014[(2)] provide for the possibility for farmers to sign contracts by which they transfer payment entitlements to be allocated, or the right to receive payment entitlements, in case of sale or lease of their holding. Rules should be laid down for such specific circumstances, in particular as regards applications for the allocation of payment entitlements in such cases.

(2) For the purposes of Articles 25(2) and 26 and Article 40(2) and (3) of Regulation (EU) No 1307/2013, it is necessary to lay down rules on the calculation of the value of payment entitlements to be allocated in cases of transfer of a farm by way of inheritance to another farmer who intends to continue the agricultural activity on that holding and who himself is entitled to be allocated payment entitlements in the first year of application of the basic payment scheme.

(3) For the good administration of the basic payment scheme, it is appropriate to lay down rules related to the notifications of transfers of payment entitlements which farmers have to make to the national authorities.

(4) In view of the replenishment of the national or regional reserve by unused payment entitlements in accordance with Article 31(1)(a) and (b) of Regulation (EU) No 1307/2013, it is necessary to provide for a date after which the unused entitlements, including those payment entitlements which have not been activated or which otherwise do not give rise to payments, revert to the reserve.

Changes to legislation: *There are outstanding changes not yet made to Commission Implementing Regulation (EU) No 641/2014. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(5) Article 43 of Regulation (EU) No 1307/2013 provides that Member States may decide to apply specific commitments or certification schemes as equivalent practices beneficial for the climate and the environment. In order to ensure a timely and effective assessment of the practices included in those commitments or certification schemes, rules on the procedure for the notifications and the Commission assessment should be established.

(6) Pursuant to the second subparagraph of Article 45(3) of Regulation (EU) No 1307/2013 no individual reconversion obligation at holding level applies in case permanent grassland area is maintained in absolute terms within certain limits. Those limits need to be fixed.

(7) According to Article 55(1) of Regulation (EU) No 1307/2013, the decisions referred to in Article 53(4) and (6)(a) of that Regulation are subject to Commission approval. Therefore, rules on the procedure for the assessment and approval by the Commission should be laid down.

(8) Article 57(4) of Regulation (EU) No 1307/2013 requires that the Commission adopt rules on the procedure for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton. In accordance with the principle of subsidiarity, those rules should be limited to fixing a final date for the completion of that procedure, leaving the establishment of the detailed rules of procedure to the Member States.

(9) The necessary information to be sent by the Member States to the producers in relation to that authorisation should be laid down. In order to ensure that the producers are informed in good time, a final date for such notifications should be set.

(10) For the purpose of monitoring the correct application of the rules laid down in Regulation (EU) No 1307/2013 in respect of the flexibility between the pillars, it is necessary to specify certain notification obligations as regards the information to be notified by Member States on their decisions made in accordance with Article 14 of that Regulation.

(11) For the purpose of setting the financial ceilings established in accordance with Regulation (EU) No 1307/2013 and of checking the respect of those ceilings, it is necessary to specify certain notification obligations, in particular as regards the information to be notified by Member States on their decisions made in accordance with Articles 22(2) and (3), 42(1), 49(1) and 51(1) of that Regulation.

(12) For reasons of efficiency it is appropriate to provide that the notifications under Regulation (EU) No 1307/2013, Delegated Regulation (EU) No 639/2014 and this Regulation are to be made in accordance with Commission Regulation (EC) No 792/2009[(3)].

(13) The measures provided for in this Regulation are in accordance with the opinion of the Committee for Direct Payments,

HAS ADOPTED THIS REGULATION:

***Changes to legislation:** There are outstanding changes not yet made to Commission Implementing Regulation (EU) No 641/2014. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

CHAPTER 1

SCOPE AND GENERAL PRINCIPLES

Article 1

Scope

This Regulation lays down rules for the application of Regulation (EU) No 1307/2013 in relation to:

(a) general provisions on direct payments;

(b) the basic payment scheme;

(c) the payment for farmers observing agricultural practices beneficial for the climate and the environment;

(d) voluntary coupled support;

(e) the crop-specific payment for cotton;

(f) notifications to be made by Member States.

Article 2

General principles

Member States shall implement this Regulation in accordance with objective criteria and in such a way as to ensure the equal treatment of farmers and to avoid distortions of the market and of competition, while promoting a sustainable management of natural resources and climate action.

CHAPTER 2

BASIC PAYMENT SCHEME

SECTION 1

First allocation of payment entitlements

Article 3

Application for allocation of payment entitlements in case of sale or lease using a contract clause pursuant to Article 24(8) of Regulation (EU) No 1307/2013

In case of sale or lease using a contract clause in accordance with Article 24(8) of Regulation (EU) No 1307/2013, the application for the allocation of the payment entitlements shall be made by the buyer or the lessee respectively. That application shall include the following information:

Changes to legislation: *There are outstanding changes not yet made to Commission Implementing Regulation (EU) No 641/2014. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(a) details of the sale or lease contract respectively, including the relevant contract clause and/or, where required by the Member State, a copy of that contract;

(b) the identification details of the farmer having transferred the right to receive entitlements to the buyer or the lessee, including, if available, the unique identification of the beneficiary referred to in Article 8 of Commission Delegated Regulation (EU) No 640/2014[(4)].

In addition, Member States shall require from the buyer or lessee all information necessary to verify the application of Article 60 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council[(5)].

Article 4

Application for allocation of payment entitlements in case of sale using a contract clause pursuant to Article 20 of Delegated Regulation (EU) No 639/2014

1. In case of sale using a contract clause in accordance with Article 20 of Delegated Regulation (EU) No 639/2014, the application for the allocation of the payment entitlements subject to that clause shall be made by the seller. That application shall include the following information:

(a) details of the sale contract, including the relevant contract clause and/or, where required by the Member State, a copy of that sale contract;

(b) the number of eligible hectares subject to that contract clause;

(c) the identification details of the farmer to whom the transfer is made under that clause, including, if available, the unique identification of the beneficiary referred to in Article 8 of Delegated Regulation (EU) No 640/2014.

2. A Member State may allow the buyer to make the application for the allocation of the payment entitlements on behalf of the seller. In that case the Member State shall verify that the seller has authorised the buyer to make the application.

Article 5

Application for allocation of payment entitlements in case of lease using a contract clause pursuant to Article 21 of Delegated Regulation (EU) No 639/2014

1. In case of lease using a contract clause in accordance with Article 21 of Delegated Regulation (EU) No 639/2014, the application for the allocation of the payment entitlements subject to that clause shall be made by the lessor. That application shall include the following information:

(a) details of the lease contract, including the relevant contract clause and/or, where required by the Member State, a copy of that lease contract;

(b) the number of eligible hectares subject to that contract clause;

(c) the identification details of the farmer to whom the transfer is made under that clause, including, if available, the unique identification of the beneficiary referred to in Article 8 of Delegated Regulation (EU) No 640/2014.

***Changes to legislation:** There are outstanding changes not yet made to Commission Implementing Regulation (EU) No 641/2014. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

2. A Member State may allow the lessee to make the application for the allocation of the payment entitlements on behalf of the lessor. In that case the Member State shall verify that the lessor has authorised the lessee to make the application.

Article 6

Value of payment entitlements in case of inheritance

1. In Member States applying Article 25(2) of Regulation (EU) No 1307/2013, where a farmer is entitled to be allocated entitlements in accordance with Article 24 of that Regulation in addition to a right to receive payment entitlements pursuant to Article 14(1) of Delegated Regulation (EU) No 639/2014, the value of his payment entitlements to be established in accordance with Article 26 of Regulation (EU) No 1307/2013 shall be calculated taking into account the sum of the data for 2014 relating to his original holding and to the inherited holding or part of the holding inherited.

2. In Member States applying Article 40(2) of Regulation (EU) No 1307/2013, where a farmer is entitled to be allocated payment entitlements according to Article 39 of that Regulation in addition to a right to receive payment entitlements pursuant to Article 14(1) of Delegated Regulation (EU) No 639/2014, the value of his payment entitlements to be established in accordance with Article 40(3) of Regulation (EU) No 1307/2013 shall be based on the sum of the data for the year concerned relating to his original holding and to the inherited holding or part of the holding inherited.

SECTION 2

Activation and transfer of payment entitlements

Article 7

Activation of payment entitlements in case of sale or lease using a contract clause under Article 24(8) of Regulation (EU) No 1307/2013 or Articles 20 and 21 of Delegated Regulation (EU) No 639/2014

1. In case of sale or lease using a contract clause in accordance with Article 24(8) of Regulation (EU) No 1307/2013, the buyer's or lessee's first application for payment under the basic payment scheme shall be submitted in the same year as the application for the allocation of payment entitlements referred to in Article 3 of this Regulation.

2. In case of sale using a contract clause in accordance with Article 20 of Delegated Regulation (EU) No 639/2014, the buyer shall in his first application for payment under the basic payment scheme include details of the sales contract indicating the relevant contract clause and/or, where required by the Member State, a copy of that sale contract. Such application shall be submitted in the same year as the application for the allocation of payment entitlements referred to in Article 4 of this Regulation.

3. In case of lease using a contract clause in accordance with Article 21 of Delegated Regulation (EU) No 639/2014, the lessee shall in his first application for payment under the basic payment scheme include details of the lease contract indicating the relevant contract clause and/or, where required by the Member State, a copy of that lease contract. Such application shall be submitted in the same year as the application for the allocation of payment entitlements referred to in Article 5 of this Regulation.