Commission Regulation (EC) No 306/2005 of 24 February 2005 amending Annex I to Regulation (EC) No 138/2004 of the European Parliament and of the Council on the economic accounts for agriculture in the Community (Text with EEA relevance)

COMMISSION REGULATION (EC) No 306/2005

of 24 February 2005

amending Annex I to Regulation (EC) No 138/2004 of the European Parliament and of the Council on the economic accounts for agriculture in the Community

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community[(1)], and in particular Article 2(2) thereof,

Whereas:

(1) Annex I to Regulation (EC) No 138/2004 of the European Parliament and of the Council sets out the methodology of the economic accounts for agriculture in the Community (hereinafter referred as the EAA methodology). Paragraphs 3.056 and 3.064 of that Annex provide examples of, respectively, subsidies on products and other subsidies on production, with reference to specific budget lines. Some of those references are no longer valid, and an update of both paragraphs is necessary.

(2) The task of updating the EAA methodology is assigned to the Commission.

(3) Regulation (EC) No 138/2004 should therefore be amended accordingly.

(4) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on Agricultural Statistics set up by Council Decision 72/279/EEC[(2)],

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EC) No 138/2004 is amended as shown in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Changes to legislation: Commission Regulation (EC) No 306/2005 is up to date with all changes known to be in force on or before 15 December 2020. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Done at Brussels, 24 February 2005.

For the Commission

Joaquín ALMUNIA

Member of the Commission

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ANNEX

Annex I to Regulation (EC) No 138/2004 is amended as follows:

1. Paragraph 3.056 is replaced by the following:

3.056. The method of valuation of output at basic prices requires a fundamental distinction between subsidies on products and other subsidies on production. Subsidies on agricultural products[(3)] can be paid either to agricultural producers or to other economic operators. Only subsidies on products which are paid to agricultural producers are added to the market price received by producers to obtain the basic price. Subsidies on agricultural products paid to economic operators other than agricultural producers are not entered in the EAA.

2. Paragraph 3.064 is replaced by the following:

3.064. In the case of agriculture, the most important types of other subsidy linked to production are:

— wage and payroll subsidies,

— grants for interest relief (cf. ESA 95, 4.37(c)) made to resident producer units, even when they are intended to encourage capital formation[(4)]. In effect, these are current transfers designed to reduce producers' operating costs. They are treated in the accounts as subsidies to the producers benefiting from them, even when the difference in the interest is, in practice, paid directly by the government to the credit institution making the loan (by way of derogation from the payment criterion),

— over-compensation of VAT resulting from the application of the flat-rate systems (cf. 3.041 and 3.042),

— the assumption of social security contributions and real-estate taxes,

— the assumption of other costs such as private storage aid for wine and grape must and the re-storage of table wines (in so far as the stocks are owned by an agricultural unit),

— various other subsidies on production:

— grants for land set-aside (compulsory set-aside linked to acreage-based grants and voluntary set-aside),

— financial compensation for withdrawals of fresh market fruit and vegetables. These payments are often made to groups of market producers, and should be treated as subsidies to agriculture, since they are direct compensation for loss of production,

— cattle premiums for seasonal adjustment (deseasonalisation) and extensification,

— grants for agricultural production in less-favoured and/or mountainous areas,

— other grants intended to influence methods of production (extensification, techniques designed to reduce pollution, etc.),

— amounts paid to holders as compensation for recurrent losses of goods in inventories such as crop or livestock products which are considered to be work in progress and plantations in so far as they are still in their growth period (see 2.040 to 2.045). By contrast, compensatory transfers for losses of goods in inventories and/or plantations used as factors of production are recorded as other capital transfers in the capital account.