

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.
- (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.

⁽¹⁾ OJ L 347, 20.12.2013, p. 608.

⁽²⁾ Commission Delegated Regulation (EU) No 639/2014 of 11 March 2014 supplementing 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 and amending Annex X to that Regulation (See page 1 of this Official Journal).

- (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⁽¹⁾.
- (13) The measures provided for in this Regulation are in accordance with the opinion of the Committee for Direct Payments,

HAS ADOPTED THIS REGULATION:

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.

⁽¹⁾ Commission Regulation (EC) No 792/2009 of 31 August 2009 laying down detailed rules for the Member States' notification to the Commission of information and documents in implementation of the common organisation of the markets, the direct payments' regime, the promotion of agricultural products and the regimes applicable to the outermost regions and the smaller Aegean islands (OJ L 228, 1.9.2009, p. 3).

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:

- (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⁽¹⁾.

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⁽²⁾.

*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;

⁽¹⁾ Commission Delegated Regulation (EU) No 640/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy (See page 48 of this Official Journal).

⁽²⁾ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

- (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 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.

Article 8

Notifications of transfer

1. In case of transfer in accordance with Article 34 of Regulation (EU) No 1307/2013, the transferor shall notify the competent authority of the transfer within a period to be established by the Member State.

2. The transfer shall take place as set out in the notification unless the competent authority objects to the transfer. The competent authority may only object to a transfer where the transfer is not in accordance with Regulation (EU) No 1307/2013, Delegated Regulation (EU) No 639/2014 and this Regulation. The competent authority shall notify the transferor as soon as possible of its objection.

SECTION 3

National or regional reserves

Article 9

Reversion to the national or regional reserve

1. For the purposes of Article 31(1)(a) or (b) of Regulation (EU) No 1307/2013, except in cases of *force majeure* or exceptional circumstances, unused payment entitlements shall be deemed to have reverted to the national or regional reserve on the day following the final date as fixed by the Commission on the basis of Article 78(b) of Regulation (EU) No 1306/2013 for amending the single application under the basic payment scheme in the calendar year in which the period referred to in Article 31(1)(a) or (b) of Regulation (EU) No 1307/2013 expires.

2. Member States applying regional reserves in accordance with Article 30(2) of Regulation (EU) No 1307/2013 shall apply the rules on the reversion of unused payment entitlements at regional level.

CHAPTER 3

GREENING

Article 10

Procedure for the notification and the assessment of the practices included in the specific commitments or certification schemes

1. The notifications referred to in Article 43(8) of Regulation (EU) No 1307/2013 shall be made by 1 August 2014 in case of application in 2015 or by 1 July preceding the year of application in case of application after 2015.

Those notifications may be modified once a year, provided that the Commission is notified thereof by 1 July preceding the year of application of the modification.

2. For the commitments referred to in Article 43(3)(a) of Regulation (EU) No 1307/2013, the notifications to the Commission shall clearly describe the practices covered by the commitment and shall indicate which practices referred to in Article 43(2) of that Regulation they are equivalent to and by which of the equivalent practices listed in Annex IX to that Regulation they are deemed to be covered. Those notifications shall include a reference to the relevant commitments under the rural development programme submitted to the Commission pursuant to Article 10(1) of Regulation (EU) No 1305/2013 of the European Parliament and of the Council⁽¹⁾ or approved by the Commission pursuant to Article 18(4) of Council Regulation (EC) No 1698/2005⁽²⁾.

3. For certification schemes referred to in Article 43(3)(b) of Regulation (EU) No 1307/2013, the notifications to the Commission shall clearly describe the practices covered by the certification scheme and shall indicate which practices referred to in Article 43(2) of that Regulation they are equivalent to and by which of the equivalent practices listed in Annex IX to that Regulation they are deemed to be covered.

4. When the assessment carried out by the Commission concludes that the notified practices included in the specific commitments or certification schemes are not covered by the list in Annex IX to Regulation (EU) No 1307/2013, the Commission shall inform the Member State thereof within three months after receipt of the notification. The Member State may provide supplementary information within one month after the receipt of the Commission's information. The implementing act provided for in the second subparagraph of Article 43(8) of Regulation (EU) No 1307/2013 shall be adopted within seven months after receipt of the initial notification.

⁽¹⁾ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

⁽²⁾ Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).

*Article 11***Limits for the maintenance of permanent grassland in absolute terms**

The limits to be used for the purpose of assessing the maintenance of permanent grassland in absolute terms referred to in the second subparagraph of Article 45(3) of Regulation (EU) No 1307/2013 shall be a maximum decrease of 0,5 % of the areas of permanent grassland established in accordance with Article 45(2)(a) of that Regulation.

CHAPTER 4

COUPLED SUPPORT

SECTION 1

Voluntary coupled support*Article 12***Procedure for the assessment and the approval of decisions referred to in Article 55(1) of Regulation (EU) No 1307/2013**

The Commission shall assess the decisions referred to in Article 55(1) of Regulation (EU) No 1307/2013 for their compliance with that Regulation, in particular with regard to the demonstration of one of the needs laid down in Article 55(1) thereof, and with Delegated Regulation (EU) No 639/2014.

Where the Commission considers that the information provided by a Member State does not allow it to conclude that the conditions as referred to in the first paragraph are met, it shall request the Member State to provide additional information or to review its decision.

The Commission shall adopt an implementing act approving or rejecting the decision of a Member State within four months of receipt of all information required.

SECTION 2

Crop-specific payment for cotton*Article 13***Procedure for the authorisation of land and varieties**

The procedure for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton provided for in Article 57 of Regulation (EU) No 1307/2013 shall be completed by 31 January of each year for the sowing season of that year.

*Article 14***Notifications to the producers**

1. Before 1 March of each year, Member States shall notify cotton growers of the following information for the sowing season of that year:

- (a) the authorised varieties for sowing;
- (b) the criteria for authorising land for cotton production as established by them in accordance with Article 56 of Delegated Regulation (EU) No 639/2014;
- (c) the minimum cotton plant density referred to in Article 58 of Delegated Regulation (EU) No 639/2014;
- (d) the required agronomic practices.

2. Where the authorisation for a variety is withdrawn, Member States shall notify the growers of the withdrawal before 1 March for the sowing season of the following year.

CHAPTER 5

RULES ON NOTIFICATION

*Article 15***Notifications concerning the flexibility between pillars**

1. The information to be notified to the Commission pursuant to Article 14(1) of Regulation (EU) No 1307/2013 and Article 136a(1) of Council Regulation (EC) No 73/2009⁽¹⁾ shall be in the form of annual percentages of the annual national ceilings referred to in the first subparagraph of Article 14(1) of Regulation (EU) No 1307/2013 and the first subparagraph of Article 136a(1) of Regulation (EC) No 73/2009 for each calendar year until 2019.

2. The information to be notified to the Commission pursuant to Article 14(2) of Regulation (EU) No 1307/2013 and Article 136a(1) of Regulation (EC) No 73/2009 shall be in the form of annual percentages of the annual amounts allocated to support for measures under rural development programming referred to in the first subparagraph of Article 14(2) of Regulation (EU) No 1307/2013 and the first subparagraph of Article 136a(2) of Regulation (EC) No 73/2009 for each financial year until 2020.

*Article 16***Notification on the increase of the basic payment scheme ceiling as referred to in Article 22(2) and (3) of Regulation (EU) No 1307/2013**

Where a Member State notifies the Commission of its decisions pursuant to Article 22(2) or (3) of Regulation (EU) No 1307/2013, the information to be submitted to the Commission shall consist in percentages of the annual national ceilings set out in Annex II to that Regulation after deduction of the amount resulting from the application of Article 47(1) of that Regulation for each calendar year until 2020.

*Article 17***Financial allocations under the redistributive payment, the payment for areas under natural constraints and the payment for young farmers**

Where a Member State notifies the Commission of its decisions pursuant to Articles 42(1), 49(1) and 51(1) of Regulation (EU) No 1307/2013, the information to be submitted to the Commission shall consist in percentages of the annual national ceilings set out in Annex II to that Regulation for each calendar year until 2020.

*Article 18***Application of Regulation (EC) No 792/2009**

The notifications to the Commission provided for in Regulation (EU) No 1307/2013, Delegated Regulation (EU) No 639/2014 and this Regulation shall be made in accordance with Regulation (EC) No 792/2009.

⁽¹⁾ Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p. 16).

CHAPTER 6

FINAL PROVISIONS

*Article 19***Entry into force and application**

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

It shall apply with respect to aid applications relating to calendar years subsequent to calendar year 2014.

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

Done at Brussels, 16 June 2014.

For the Commission

The President

José Manuel BARROSO
