

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

TITLE IV

**FINANCIAL MANAGEMENT OF THE FUNDS**

*CHAPTER I*

***EAGF***

*Section 2*

***Budget discipline***

*Article 26*

**Financial discipline**

1 In order to ensure that the annual ceilings set out in Regulation (EU, Euratom) No 1311/2013 for the financing of the market related expenditure and direct payments are respected, an adjustment rate for direct payments ("the adjustment rate") shall be determined when the forecasts for the financing of the measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.

2 The Commission shall present a proposal to the European Parliament and to the Council concerning the adjustment rate no later than 31 March of the calendar year in respect of which that adjustment rate applies.

3 If in any year the adjustment rate has not been set by the European Parliament and the Council by 30 June, the Commission shall adopt implementing acts fixing the adjustment rate and shall inform the European Parliament and the Council immediately thereof. Such implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

4 Until 1 December, the Commission may, on the basis of new information in its possession, adopt implementing acts adapting the adjustment rate set in accordance with paragraphs 2 or 3. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

5 By way of derogation from the fourth subparagraph of Article 169(3) of Regulation (EU, Euratom) No 966/2012, Member States shall reimburse the appropriations carried over in accordance with Article 169(3) of Regulation (EU, Euratom) No 966/2012 to the final recipients who are subject, in the financial year to which the appropriations are carried over, to the adjustment rate.

The reimbursement referred to in the first subparagraph shall only apply to final beneficiaries in those Member States where financial discipline applied in the preceding financial year.

6 The Commission may adopt implementing acts, laying down the terms and conditions applicable to appropriations carried over in accordance with Article 169(3) of Regulation (EU, Euratom) No 966/2012 in order to finance the expenditure referred to in Article 4(1)(b) of this Regulation. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

7 When applying this Article, the amount of the reserve for crises in the agricultural sector referred to in Article 25 shall be included in the determination of the adjustment rate. Any amount not made available for crisis measures by the end of the financial year shall be disbursed in accordance with paragraph 5 of this Article.