Commission Delegated Regulation (EU) N o 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

# CHAPTER 2

## BASIC PAYMENT SCHEME AND SINGLE AREA PAYMENT SCHEME

## SECTION 1

Rules for the implementation of the basic payment scheme provided for in Sections 1, 2, 3 and 5 of Chapter 1 of Title III of Regulation (EU) No 1307/2013

## Subsection 1

First allocation of payment entitlements

# F1 Article 14

Cases of inheritance, changes in legal status or denomination and mergers and scissions

## **Textual Amendments**

F1 Art. 14 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(1)

# F<sup>2</sup>Article 15

# Establishment of eligible hectares for the purposes of Articles 24(2) and 39(2) of Regulation (EU) No 1307/2013

# **Textual Amendments**

F2 Art. 15 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(1) Status: Point in time view as at 31/01/2020.

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 639/2014, CHAPTER 2. (See end of Document for details)

## Article 16

## Limitation under Article 24(6) of Regulation (EU) No 1307/2013

1. Any reduction pursuant to Article 24(6) of Regulation (EU) No 1307/2013 shall not exceed 85 % of the number of payment entitlements corresponding to the eligible hectares of permanent grassland located in areas with difficult climate conditions.

2. For the purpose of applying the reduction coefficient provided for in paragraph 1, Member States may, on the basis of the natural constraints referred to Article 24(6) of Regulation (EU) No 1307/2013, distinguish between categories of areas with difficult climate conditions in order to apply different reduction coefficients to such categories.

## F<sup>3</sup>Article 17

## Determination of the value of payment entitlements under Articles 26 and 40 of Regulation (EU) No 1307/2013

#### **Textual Amendments**

F3 Arts. 17-21 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(2)** 

# F<sup>3</sup>Article 18

## Definitive establishment of the value and number of payment entitlements

**Textual Amendments** 

F3 Arts. 17-21 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(2)** 

F<sup>3</sup>Article 19

## Establishment of the value of payment entitlements in hardship cases

#### **Textual Amendments**

**F3** Arts. 17-21 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(2**)

# F<sup>3</sup>Article 20

## Private contract clause in the case of sale

#### **Textual Amendments**

F3 Arts. 17-21 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(2)

## F<sup>3</sup>Article 21

## Private contract clause in the case of lease

#### **Textual Amendments**

F3 Arts. 17-21 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(2)

## Article 22

## Beneficiaries pursuant to Article 24(1) of Regulation (EU) No 1307/2013

For the purposes of the first indent of point (a)(i) of the third subparagraph of Article 24(1) of Regulation (EU) No 1307/2013, 'ware potatoes' and 'seed potatoes' shall mean potatoes of CN code 0701 other than those intended for the manufacture of potato starch.

Subsection 2

## Activation and transfer of entitlements

## Article 23

## **Calculation of the value of payment entitlements**

1. Payment entitlements shall in a first step be calculated up to three decimals and in a second step be rounded up or down to the nearest second decimal. If the calculation gives a result where the third decimal is a 5, the sum shall be rounded up to the second decimal.

2. If a farmer transfers a fraction of an entitlement, the value of that fraction shall be calculated proportionally for each remaining relevant year as referred to in Article 25  $^{F4}$ ... of Regulation (EU) No 1307/2013.

3. [<sup>F5</sup>The relevant authority] may modify payment entitlements by merging fractions of entitlements owned by a farmer. The value of the merged entitlements shall be determined for

each remaining relevant year as referred to in Article 25 <sup>F6</sup>... of Regulation (EU) No 1307/2013 by adding the value of the fractions.

#### **Textual Amendments**

- F4 Words in Art. 23(2) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(3)(a)
- F5 Words in Art. 23(3) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(3)(b)(i)**
- **F6** Words in Art. 23(3) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(3)(b)(ii)**

## Article 24

# **Requirements for activation of payment entitlements**

1. Payment entitlements may only be declared for payment once per year by the farmer who holds them (owned or leased-in) at the latest date for lodging the single application.

However, where a farmer uses the possibility to amend the single application in accordance with the rules established <sup>F7</sup>... on the basis of Article 78(b) of Regulation (EU) No 1306/2013, he may also declare for payment those payment entitlements which he holds (owned or leased-in) at the date of his notification of the amendments to the competent authority, provided that the payment entitlements concerned are not declared for payment by another farmer in respect of the same year.

Where the farmer acquires payment entitlements by way of a transfer from another farmer and where that other farmer had already declared those payment entitlements for payment, the additional declaration of those payment entitlements by the transferee shall only be admissible if the transferor has already informed the competent authority of the transfer in accordance with the rules established <sup>F8</sup>... on the basis of Article 34(5) of Regulation (EU) No 1307/2013 and withdraws those payment entitlements from his own single application, within the time-limits for amending the single application fixed <sup>F8</sup>... on the basis of Article 78 (b) of Regulation (EU) No 1306/2013.

[<sup>F9</sup>2. Where a farmer declares a number of payment entitlements exceeding his total eligible area declared pursuant to Article 33(1) of Regulation (EU) No 1307/2013, the payment entitlement or the fraction of a payment entitlement which is partially exceeding that eligible area shall be deemed as fully activated for the purposes of Article 31(1)(b) of that Regulation. However, the payment shall be calculated on the basis of the corresponding fraction of an eligible hectare.]

#### **Textual Amendments**

- F7 Words in Art. 24(1) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(4)(a)**
- **F8** Words in Art. 24(1) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(4)(b)**
- **F9** Substituted by Commission Delegated Regulation (EU) 2017/1155 of 15 February 2017 amending Delegated Regulation (EU) No 639/2014 as regards the control measures relating to the cultivation of hemp, certain provisions on the greening payment, the payment for young farmers in control of a legal person, the calculation of the per unit amount in the framework of voluntary coupled support,

the fractions of payment entitlements and certain notification requirements relating to the single area payment scheme and the voluntary coupled support, and amending Annex X to Regulation (EU) No 1307/2013 of the European Parliament and of the Council.

## Article 25

## **Transfer of entitlements**

1. Payment entitlements may be transferred at any time of the year.

2. Where [<sup>F10</sup>the relevant authority] uses the option provided for in Article 34(3) of Regulation (EU) No 1307/2013, it shall define the regions referred to in that provision in the first year of application of Article 34(3) of Regulation (EU) No 1307/2013 and at the latest one month before the date fixed by the [<sup>F11</sup>relevant authority] pursuant to Article 33(1) of that Regulation.

#### **Textual Amendments**

- **F10** Words in Art. 25(2) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(5)(a)**
- F11 Words in Art. 25(2) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(5)(b)

#### Subsection 3

## National or regional reserves

#### Article 26

### Reversion to the national or regional reserve due to retention on transfer of payment entitlements

Where [<sup>F12</sup>the relevant authority] uses the option provided for in Article 34(4) of Regulation (EU) No 1307/2013, it may decide, in accordance with objective criteria and in such a way as to ensure equal treatment between farmers and to avoid market and competition distortion, to revert to the national or regional reserve up to 30 % of the annual unit values of each payment entitlement transferred without the corresponding eligible hectares within the meaning of Article 32(2) of Regulation (EU) No 1307/2013, or the equivalent amount expressed in number of payment entitlements.

By way of derogation from the first subparagraph, [<sup>F13</sup>the relevant authority] may provide for a reversion up to 50 % of the annual unit value of each payment entitlement or the equivalent amount expressed in number of payment entitlements as referred to in the first subparagraph during the first three years of application of the basic payment scheme.

 $[^{F14}$ In this subsection references to "national or regional reserve" are to be construed in accordance with the definitions contained in Article 4 of Regulation (EU) No 1307/2013.] Status: Point in time view as at 31/01/2020.

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 639/2014, CHAPTER 2. (See end of Document for details)

#### **Textual Amendments**

- F12 Words in Art. 26 substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(6)(a)**
- **F13** Words in Art. 26 substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(6)(b)**
- F14 Words in Art. 26 inserted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(6)(c)**

# F15Article 27

## Application of the windfall profit clause

## Textual Amendments

F15 Art. 27 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(7)

## Article 28

# Establishment of payment entitlements from the national or regional reserve under Article 30(6) of Regulation (EU) No 1307/2013

1. For the purposes of Article 30(6) of Regulation (EU) No 1307/2013, where a young farmer or a farmer who commences his agricultural activity applies for payment entitlements from the national or regional reserve while he does not hold any payment entitlement (owned or leased-in), he shall receive a number of payment entitlements equal to the number of eligible hectares he holds (owned or leased-in) at the latest date for lodging his application for the allocation or increase of the value of payment entitlements fixed <sup>F16</sup>... on the basis of Article 78(b) of Regulation (EU) No 1306/2013.

2. Where a young farmer or a farmer who commences his agricultural activity applies for payment entitlements from the national or regional reserve while he already holds payment entitlements (owned or leased-in), he shall receive a number of payment entitlements equal to the number of eligible hectares he holds (owned or leased-in) at the latest date for lodging his application referred to in paragraph 1 for which he does not hold any payment entitlement (owned or leased-in).

Where the value of the entitlements that the farmer already holds (owned or leased-in) is below the national or regional average referred to in the second subparagraph of Article 30(8) of Regulation (EU) No 1307/2013, the annual unit values of those entitlements may be increased up to the national or regional average as provided for in Article 30(10) of that Regulation.

However, [<sup>F17</sup>if the relevant authority applies] the increase referred to in Article 30(10) of Regulation (EU) No 1307/2013 for the purposes of Article 30(7) of that Regulation, the increase referred to in the second subparagraph of this paragraph shall be mandatory <sup>F18</sup>.... Such increase should be at a level corresponding to the highest level of increase applied for the purposes of Article 30(7) of Regulation (EU) No 1307/2013.

3. [<sup>F19</sup>If the relevant authority applied] Article 24(6) <sup>F20</sup>... of Regulation (EU) No 1307/2013 [<sup>F21</sup>as it had effect immediately before exit day], the limitations of the allocation of payment entitlements laid down in those provisions may be applied *mutatis mutandis* for the allocation of payment entitlements pursuant to Article 30(6) of Regulation (EU) No 1307/2013.

However, [<sup>F22</sup>the relevant authority] may decide that where the application of one or several limitations referred to in the first subparagraph limits the total number of payment entitlements which the farmer already holds and which are to be newly allocated from the reserve to less than a fixed percentage of his eligible hectares in the year in which he applies for allocation of payment entitlements from the reserve, that farmer shall be allocated an additional number of payment entitlements corresponding to a share in the total number of his eligible hectares declared in his application for that year in accordance with Article 72(1) of Regulation (EU) No 1306/2013.

The fixed percentage referred to in the second subparagraph of this Article shall be calculated in accordance with the method referred in the second subparagraph of Article 31(2) of this Regulation [<sup>F23</sup>as it had effect immediately before exit day].

The share of the total number of eligible hectares of the farmer referred to in the second subparagraph of this paragraph shall be calculated as half of the difference in percentage points between the fixed percentage referred to in the third subparagraph of this paragraph and the share of 'payment entitlements held by the farmer' in his eligible hectares declared in accordance with Article 72(1) of Regulation (EU) No 1306/2013 in his application for the year referred to in the second subparagraph of this paragraph. For the purposes of this subparagraph, 'payment entitlements held by the farmer' means payments entitlement already held by the farmer and which are to be newly allocated from the reserve.

When calculating the number of eligible hectares referred to in the second, third and fourth subparagraphs of this paragraph, [<sup>F22</sup>the relevant authority] may decide not to include any areas taken up by permanent crops, by permanent grassland located in areas with difficult climatic conditions as referred to in Article 24(6) of Regulation (EU) No 1307/2013 [<sup>F24</sup>as it had effect immediately before exit day] or by areas recognised as permanent grassland in accordance with the second subparagraph of Article 4(2) of Regulation (EU) No 1307/2013.

[<sup>F25</sup>The relevant authority] using the possibility provided in Article 23 of Regulation (EU) No 1307/2013 to apply the basic payment scheme at regional level may base the calculation method referred to in the second subparagraph of this paragraph upon the total numbers allocated/declared in 2015 in the relevant region.

For the purpose of determining the threshold in the second subparagraph, the land acquired or leased-in by the farmer after 19 October 2011 shall not be taken into account.

4. For the purposes of this Article, only those farmers who commence their agricultural activity shall be considered who commenced their agricultural activity in calendar year 2013 or any later year and who submit an application for the basic payment not later than two years after the calendar year in which they commenced their agricultural activity.

#### **Textual Amendments**

- **F16** Words in Art. 28(1) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(a)**
- F17 Words in Art. 28(2) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(b)(i)**

- **F18** Words in Art. 28(2) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(b)(ii)**
- F19 Words in Art. 28(3) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(8)(c)(i)(aa)
- F20 Words in Art. 28(3) omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(8)(c)(i)(bb)
- F21 Words in Art. 28(3) inserted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(8)(c)(i)(cc)
- F22 Words in Art. 28(3) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(8)(c)(ii)
- F23 Words in Art. 28(3) inserted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(c)(iii)**
- F24 Words in Art. 28(3) inserted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(c)(iv)**
- **F25** Words in Art. 28(3) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(8)(c)(v)**

# Article 29

# Establishment of payment entitlements from the national or regional reserve under Article 30(7) of Regulation (EU) No 1307/2013

1. For the purposes of Article 30(7) of Regulation (EU) No 1307/2013, where new payment entitlements are allocated as provided for in Article 30(10) of that Regulation, they shall be allocated in accordance with the conditions laid down in this Article and in accordance with the objective criteria laid down by the [<sup>F26</sup>relevant authority] concerned.

2. Where a farmer who does not hold any payment entitlement (owned or leased-in) is entitled in accordance with Article 30(7) of Regulation (EU) No 1307/2013 to receive payment entitlements from the national or regional reserve and applies for it, he shall receive a number of payment entitlements up to the number of eligible hectares he holds (owned or leased-in) at the latest date for lodging his application as referred to in Article 28(1).

3. Where a farmer who holds payment entitlements (owned or leased-in) is entitled in accordance with Article 30(7) of Regulation (EU) No 1307/2013 to receive payment entitlements from the national or regional reserve and applies for it, he shall receive a number of payment entitlements up to the number of eligible hectares he holds (owned or leased-in) at the latest date for lodging his application as referred to in Article 28(1) for which he does not hold any payment entitlement (owned or leased-in).

Where the value of the entitlements that the farmer already holds (owned or leased-in) is below the national or regional average referred to in the second subparagraph of Article 30(8) of Regulation (EU) No 1307/2013, the annual unit values of those entitlements may be increased up to the national or regional average as provided for in Article 30(10) of that Regulation.

4. For the purposes of paragraph 1, [<sup>F27</sup>the relevant authority] shall not lay down criteria related to production or other sector-specific data for a period after the date fixed by the [<sup>F28</sup>relevant authority] in accordance with Article 11(2) of Regulation (EC) No 1122/2009 for claim year 2013.

#### **Textual Amendments**

- F26 Words in Art. 29(1) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(9)(a)
- F27 Words in Art. 29(4) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(9)(b)(i)
- **F28** Words in Art. 29(4) substituted (31.1.2020) by The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(9)(b)(ii)**

## Article 30

## Further rules on the establishment of payment entitlements from the national or regional reserve

1. When increasing the annual unit values of payment entitlements as referred to in Article 30(10) of Regulation (EU) No 1307/2013, [<sup>F29</sup>the relevant authority] shall increase the unit value of entitlements the farmer already holds (owned or leased-in) at the date of application for the allocation of entitlements from the national or regional reserve in accordance with objective criteria and in such a way as to ensure equal treatment between farmers and to avoid market and competition distortion.

2. For the purposes of paragraph 1, [<sup>F30</sup>the relevant authority] shall not lay down criteria related to production or other sector-specific data for a period after the date fixed by the [<sup>F31</sup>relevant authority] in accordance with Article 11(2) of Regulation (EC) No 1122/2009 for claim year 2013.

Textual Amendments	
Textual Amenuments	
F29	Words in Art. 30(1) substituted (31.1.2020) by The Rules for Direct Payments to Farmers
	(Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(10)(a)
F30	Words in Art. 30(2) substituted (31.1.2020) by The Rules for Direct Payments to Farmers
	(Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(10)(b)(i)
F31	Words in Art. 30(2) substituted (31.1.2020) by The Rules for Direct Payments to Farmers
	(Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(10)(b)(ii)

# F32Article 31

## Hardship cases

## **Textual Amendments**

F32 Art. 31 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(11)

## Subsection 4

## Member States applying Article 21(3) of Regulation (EU) No 1307/2013

Article 32

## Implementation in Member States applying Article 21(3) of Regulation (EU) No 1307/2013

Save as otherwise provided in this Subsection, the provisions of this Section shall apply to Member States applying Article 21(3) of Regulation (EU) No 1307/2013.

Article 33

## Application of Article 21(4) of Regulation (EU) No 1307/2013

For the purpose of establishing which payment entitlements shall expire in accordance with Article 21(4) of Regulation (EU) No 1307/2013, priority shall be given to those payment entitlements which have the lowest value.

Where payment entitlements have the same value, the number of owned payment entitlements and the number of leased-in payment entitlements shall be reduced in the same proportion.

Member States may decide to apply the first and the second paragraphs at regional level.

# F<sup>33</sup>Article 34

# Determination of the value of payment entitlements under Article 26 of Regulation (EU) No 1307/2013 for Member States applying Article 21(3) of that Regulation

 Textual Amendments
F33 Arts. 34-37 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), 11(12)

# SECTION 2

## Single area payment scheme

# F33 Article 35

## Eligible hectares in Member States applying the single area payment scheme

#### **Textual Amendments**

**F33** Arts. 34-37 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(12)** 

# F33Article 36

# Application of Article 36(3) of Regulation (EU) No 1307/2013

Textual Amendments

**F33** Arts. 34-37 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(12)** 

# F33Article 37

## Production of hemp under the single area payment scheme

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#### **Textual Amendments**

**F33** Arts. 34-37 omitted (31.1.2020) by virtue of The Rules for Direct Payments to Farmers (Amendment) Regulations 2020 (S.I. 2020/91), regs. 1(2), **11(12)** 

# Status:

Point in time view as at 31/01/2020.

## Changes to legislation:

There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 639/2014, CHAPTER 2.