

# Redistributive payment

*The fiche presents the redistributive payment in the 2013 CAP reform and the implementation of this Direct Payment scheme by Member States during the period 2015-2020. It reflects the content of the notifications available to the Commission services to date. It is made available without prejudice to any finding in respect of their compliance with the regulatory framework. It is provided on the understanding that in the event of a dispute involving Union law it is, under the Treaty on the Functioning of the European Union, ultimately for the European Court of Justice to provide a definitive interpretation of the applicable Union law.*

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## 1. Introduction

The 2013 reform of the Common Agricultural Policy (CAP) introduced the "redistributive payment" as a new **optional scheme** under the direct payment Regulation.

By implementing this scheme, Member States opt for redistributing direct support between farmers by granting them an **extra payment for the first hectares**<sup>1</sup>. This addresses the need for the unitary support to farmers with smaller holdings to be sufficient in order to achieve the objective of income support effectively. This note aims at presenting the essential elements of the redistributive payment as applied in the Member States.

## 2. Main features

In order to redistribute support to smaller farms, Member States may allocate **up to 30% of their national ceiling** for direct payments<sup>2</sup> to grant an extra payment for the first hectares<sup>3</sup>(see point 3.2).

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<sup>1</sup> In the case of Member States applying the Basic Payment Scheme, it is a payment for the first payment entitlements activated by the farmer.

<sup>2</sup> Set out in Annex II of Regulation (EU) No 1307/2013.

<sup>3</sup> See Articles 41 and 42 of Regulation (EU) No 1307/2013. Additional legal references regarding redistributive payment: Articles 69 and 72 of Commission Regulation (EU) No 639/2014 and Article 17 of Commission Regulation (EU) No 641/2014. Additional legal reference as regards the financial discipline: Article 72 of Commission Regulation (EU) No 639/2014.

The **number of hectares** for which this extra payment can be allocated is limited to a threshold set by Member States (up to 30 hectares or up to the average farm size in the Member State<sup>4</sup> where this average is more than 30 hectares). The **amount per hectare** cannot exceed 65% of the average amount of direct payment per hectare<sup>5</sup>. As long as this upper limit is respected, Member States can decide on the level of the per-hectare payment which is appropriate to reach the objective of the redistributive payment as laid down in the Regulation<sup>6</sup>.

Eligibility to the [Basic Payment Scheme](#) (BPS) or to the Single Area Payment Scheme (SAPS) is a precondition for receiving support under the redistributive payment, which shall be granted for the number of hectares for which payment entitlements (PEs) are activated (BPS) / the number of eligible hectares declared (SAPS).

Member States applying the BPS at regional level<sup>7</sup> may decide to apply the redistributive payment at **regional level**<sup>8</sup>, implying that the budgetary envelope (in percentage) for the redistributive payment will be fixed per region, and that the amount per hectare will be calculated based on a regional average payment per hectare<sup>9</sup> (see point 3.2).

Member States may, at national level, establish a **graduation**<sup>10</sup> in the number of hectares set, meaning that different amounts can be paid per tranche of hectares. This graduation of aid shall however apply identically to all farmers (see point 3.2).

Member States may also decide to apply the maximum number of hectares at the level of **members of legal persons or groups of natural or legal persons**<sup>11</sup> (see point 3.2).

The decision to implement the redistributive payment can be taken by Member States in any year<sup>12</sup>. Since 2015, nine Member States / Regions apply the redistributive payment: BE-Wallonia, BG, DE, FR, HR, LT, PL, RO and UK-Wales. As of 2017, PT will also apply the redistributive payment. MS may also review their decisions. For example, FR will reduce the percentage foreseen for 2017 (from 15% to 10%). To be noted that BG, DE and LT implemented the redistributive payment already in 2014<sup>13</sup>.

Member States using more than 5% of their annual national ceiling to grant a redistributive payment may decide **not to impose the reduction of payments applicable to BPS or SAPS**. Indeed this mechanism also aims at redistributing support

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<sup>4</sup> Set out in Annex VIII of Regulation (EU) No 1307/2013.

<sup>5</sup> The national (or regional) average payment per hectare is calculated by dividing the national ceiling for direct payments at national (or regional) in 2019 by the number of eligible hectares declared by the Member State (or region) in 2015.

<sup>6</sup> Recital (36) of Regulation (EU) No 1307/2013 provides that "*Taking into account the need for the unitary support to farmers with smaller holdings to be sufficient in order to achieve the objective of income support effectively, Member States should be allowed to redistribute direct support between farmers by granting them an extra payment for the first hectares*".

<sup>7</sup> In accordance with Article 23 of Regulation (EU) No 1307/2013

<sup>8</sup> Article 41(2) of Regulation (EU) No 1307/2013.

<sup>9</sup> See calculation method under footnote 4 above

<sup>10</sup> Article 41(5) of Regulation (EU) No 1307/2013.

<sup>11</sup> Article 41(8) of Regulation (EU) No 1307/2013.

<sup>12</sup> Article 41(1) of Regulation (EU) No 1307/2013.

<sup>13</sup> Regulation (EU) No 1310/2013 amending among others Regulation (EU) No 73/2009.

by imposing a **reduction** by at least 5% of the amount of BPS or SAPS payment above EUR 150 000 that any farmer is entitled to receive<sup>14</sup>.

### 3. Decisions taken by Member States

Regulation (EU) No 1307/2013<sup>15</sup> and its delegated act<sup>16</sup> require Member States to notify the Commission of their decision to implement the redistributive payment and of the related implementation details.

This part of the note provides an overview of the Member States' notifications as regards the redistributive payment.

#### 3.1. Implementation of the redistributive payment in 2014

BG, DE and LT implemented the redistributive payment already in 2014, pursuant to the so-called Transitional Regulation<sup>17</sup>, as follows:

##### *Percentages of the annual national ceiling (2014)*

<b>MS</b>	<b>Percentage of the annual ceiling for DP<sup>18</sup></b>
BG	6.8%
DE	6.8%
LT	10%

##### *Number of hectares supported with the redistributive payment (2014)*

<b>MS</b>	<b>Hectare threshold(s)</b>
BG	The first 30 eligible hectares
DE	The first 46 eligible hectares on which an entitlement was activated with two levels of payments: <ul style="list-style-type: none"> <li>• a first level for the first 30</li> <li>• a second level for those between 30.01 and 46</li> </ul>
LT	The first 30 eligible hectares

#### 3.2. Implementation of the redistributive payment from 2015 to 2020

By 1 August 2014, Member States notified their decisions regarding the redistributive payment over the period 2015-2020.

A total of **nine Member States / Regions implement the redistributive payment** (including those applying it from 2014): BE-Wallonia, BG, DE, FR, HR, LT, PL, RO and UK-Wales. Amongst these, six have decided not to apply the reduction of payments mechanism: BE-Wallonia, DE, FR, HR, LT and RO. On the contrary, BG, PL and UK-Wales

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<sup>14</sup> Article 11 of Regulation (EU) No 1307/2013. In order to take employment into account, the farmer can deduct the costs of salaries in the previous year (including taxes and social security contributions) before this reduction is applied.

<sup>15</sup> Article 41(1) of Regulation (EU) No 1307/2013.

<sup>16</sup> Article 69 ("Notifications concerning the redistributive payment") of the Commission Delegated Regulation (EU) No 639/2014.

<sup>17</sup> Regulation (EU) No 1310/2013 amending among others Regulation (EU) No 73/2009.

<sup>18</sup> As set in accordance with Article 40 of Regulation (EU) No 73/2009 for 2014.

will grant the redistributive payment while applying the reduction of payments mechanism (see table).

Member States	Hectare threshold(s) supported under the redistributive payment		2015 Unit rate of the redistributive payment (*)
<b>Belgium - Wallonia</b>	The first	<b>30</b>	<b>EUR 127</b>
<b>Bulgaria</b>	The first	<b>30</b>	<b>EUR 77,11</b>
<b>Germany</b>	The tranche of the first	<b>30</b>	<b>EUR 49,64</b>
	The following tranche of	<b>30,01 - 46</b>	<b>EUR 29,78</b>
<b>France</b>	The first	<b>52</b>	<b>EUR 25</b>
<b>Croatia</b>	The first	<b>20</b>	<b>(**) EUR 33,13</b>
<b>Lithuania</b>	The first	<b>30</b>	<b>EUR 48,80</b>
<b>Poland</b>	The tranche of the first	<b>3</b>	<b>EUR 0</b>
	The following tranche of	<b>3,01-30</b>	<b>EUR 40,10</b>
<b>Portugal</b>	The first	<b>5</b>	<b>(***) EUR 50</b>
<b>Romania</b>	The tranche of the first	<b>5</b>	<b>EUR 5</b>
	The following tranche of	<b>5,1-30</b>	<b>EUR 51,08</b>
<b>United Kingdom -Wales</b>	The first	<b>54</b>	<b>EUR 25,51</b>

(\*) Based on notifications by Member States of September 2016, except for FR (estimated unit rate).

(\*\*) For HR, this amount will increase in the following years with the progressive introduction of a full level of DP.

(\*\*\*) For PT, amount estimated as of 2017.

## Envelopes

The funds allocated to the redistributive payment are generally much lower than the maximum foreseen in the Regulation (30%), with Member States having allocated between 0.5% (UK-Wales) and 15% (LT) of their national envelope to the scheme in 2015. From 2018 onwards, FR has planned to use up to 20% of its direct payment envelope for the redistributive payment.

Member States	Annual ceiling (% of DP envelope) (*)					
	2015	2016	2017	2018	2019	2020
<b>Belgium - Wallonia</b>	9,30%	9,50%	9,50%	9,60%	9,60%	9,10%
<b>Bulgaria</b>	7,10%	7,05%	7,05%	7,00%	7,00%	7,00%
<b>Germany</b>	7,00%	7,00%	7,00%	7,00%	7,00%	7,00%
<b>France</b>	5,00%	10,00%	10,00%	20,00%	20,00%	20,00%
<b>Croatia</b>	10,00%	10,00%	10,00%	10,00%	10,00%	10,00%
<b>Lithuania</b>	15,00%	15,00%	15,00%	15,00%	15,00%	15,00%
<b>Poland</b>	8,30%	8,30%	8,50%	8,60%	8,60%	8,30%
<b>Portugal</b>	/	/	2,80%	2,70%	2,70%	2,70%
<b>Romania</b>	5,20%	5,30%	5,40%	5,30%	5,30%	5,50%
<b>United Kingdom -Wales</b>	0,50%	1,00%	1,50%	2,00%	2,50%	2,70%

(\*) Taking into account the last adjustments notified by Member States in 2016.

## Regionalisation

As regards the implementation of the redistributive payment, no Member State opted for the possibility to regionalise the scheme. However, in Belgium and the United Kingdom, the redistributive payment is applied only in BE-Wallonia and UK-Wales.

## Hectare threshold(s)

As to the maximum limit of payment/entitlement, all Member States, except for HR and PT, opted for the maximum limit available.

## Graduation

Three Member States opted for the possibility to establish a graduation in the amount of aid:

- DE: higher payment for the first 30 hectares, lower for the next 16 hectares (30,01-46);
- RO: lower payment for the first 5 hectares, higher payment for the next 25 hectares (5,01-30);
- PL: no payment for the first 3 hectares, payment only for the next 27 hectares (3,01-30).

## Members of legal persons or groups

BE-Wallonia and FR decided to apply the maximum number of payment entitlements or hectares at the level of members of legal persons or groups<sup>19</sup>.

This possibility may be applied only *"where the national law provides for the individual members to assume rights and obligations comparable to those of individual farmers who have the status of a head of holding (...) provided that they have contributed to strengthening the agricultural structures of the legal persons or groups concerned"*. **Only in case the national law provides for such cases**, a Member State may decide to apply this clause<sup>20</sup>.

### Summary of implementation decisions

Amongst the 28 Member States:

- 3 Member States (BG, DE and LT) have applied the redistributive payment since 2014;
- 9 Member States (BE-Wallonia, BG, DE, FR, HR, LT, PL, RO and UK-Wales) apply the redistributive payment over the period 2015-2020;
- 1 Member State (PT) will introduce for the first time the redistributive payment as of 2017;
- 3 Member States (DE, RO, PL) apply a graduation in the number of hectares within the maximum limit;
- 2 Member States (BE-W and FR) apply the maximum number of payment entitlements or hectares at the level of members of legal persons or groups.

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<sup>19</sup> As defined in Article 41(8) of Regulation (EU) No 1307/2013.

<sup>20</sup> Such members of a legal person may be treated in a similar way as individual farmers who are head of a holding, given that they have comparable rights and obligations under national law.