Workshop on Calculation of payments, reductions and administrative penalties

Results: Case studies

D3, Implementation support, monitoring, IACS and LPIS
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Calculation of payments, reductions and administrative penalties for direct payments according to Regulation (EU) No 640/2014 (where reference is made to this regulation only articles are quoted)

General figures to be used in these case studies:

- In case of BPS, value of payment entitlements held by an applicant = 200€/PE
- In case of SAPS, payment rate is 200 EUR/ha
- Greening = 70 EUR/ha
- Young Farmer Scheme (YFS) unit rate = 50 EUR/ha or 50 EUR/PE
- Single maximum limit for the payment for YFS = 50ha

Where reply was provided to MS for a question with similar subject/topic, reference is introduced
Case study 1

• Deadline for submission of single aid application and application for participation in SFS is 13 May 2015

• On 25 May applicant declared 5ha

• Please, calculate the payment for 2015

• Replies to FI(2014)2736725 and PL(2015)1638495 were provided
Results

• No late submission possible for participation in the SFS
• Therefore, he remains under SAPS
• SAPS payment = 5 * 200 = 1 000€
  - 8 days late - > 1% * 8 -> reduction of 80€
• 920€

• Greening payment = 5 * 70 = 350€
  - 8 days late - > 1% * 8 -> reduction of 28€
• 322€
  - Under condition that applicant is compliant with greening obligations
Case study 2a - BPS

- The applicant applies for allocation of payment entitlements (PE), BPS and YFS
- Deadline 13 May 2015
- On 12 May 45 ha
  - Amendment on 17 May addition of another 10 ha

- Please, calculate the payment for BPS and YFS for 2015

- Replies to NL(2014)3015433, LT(2014)3891321 and NL(2014)202980 were provided
Results

• **Number of days late:** 3 days pursuant to Article 12 of Regulation (EU) No 640/2014 which is also clarified in the reply to NL A(2014)3015433

• **Allocation of PE:** Since the application for allocation of payment entitlements had been submitted in time no reduction pursuant to Article 14 of Regulation (EU) No 640/2014 for late submission of an application related to payment entitlements has to be applied.

• **BPS and YFS 2015:** First part on time, addition within the period for amendments -> therefore no reduction for late submission
Results

- **PE**: the applicant will receive 55 PE of 200€
- **BPS**: $55 \times 200 = 11\,000€$
- **YFS**: $50 \times 50 = 2\,500€$
- **Greening**: $55 \times 70 = 3\,850€$
  - Under condition that applicant is compliant with greening obligations
Case study 2b - SAPS

- The applicant applies for participation in SAPS and YFS
- Deadline 13 May 2015
- On 12 May 45 ha
  - Amendment on 17 May addition of another 10 ha
- Please, calculate the payment for SAPS and YFS for 2015
- Replies to LT(2014)3891321 and NL(2014)3015433 were provided
Results

- **Number of days late**: 3 days pursuant to Article 12 of Regulation (EU) No 640/2014 which is also clarified in the reply to NL A(2014)3015433
- **SAPS and YFS 2015**: First part on time, addition within the period for amendments -> therefore no reduction for late submission
  - **SAPS**: $55 \times 200 = 11\,000$ euro
  - **YFS**: $50 \times 50 = 2\,500$ euro
  - **Greening**: $55\,ha \times 70 = 3\,850$€
    - Under condition that applicant is compliant with greening obligations
Case study 3

- 60 ha of arable land declared
- 60 ha of arable land determined with 3 crops
  - Main crop 48 ha
  - Second main crop 10 ha (→ two main crops 58 ha)

- Please, calculate the ratio of difference and the reduction for crop diversification

- Reply to PL(2015)2353046 was provided
Results

• Requirement for the main crop is to have maximum 45 ha (75% of 60 ha of arable land)

• Requirement for the two main crops is to have maximum 57 ha (95% of 60 ha of arable land)

• The applicant is non compliant for both requirements as 48 > 45 and 58 > 57

  -> Article 24 (3) of R640/2014 applies
Results

• Total area of arable land determined * 50% * ratio of difference
• Calculation of the ratio for the exceeding of the first main crop

• 48 – 45 = 3 ha
• 60 – 45 = 15 ha
  - Ratio 3/15
Results

- Calculation of the ratio for the exceeding of the two main crops
  
  - $58 - 57 = 1 \text{ ha}$
  - $60 - 57 = 3 \text{ ha}$
    - Ratio $1/3$
Results

• *Sum of the two ratios*

\[
\frac{3}{15} + \frac{1}{3} = \frac{3}{15} + \frac{5}{15} = \frac{8}{15}
\]

*Reduction is* \(\frac{8}{15} \times 60 \text{ ha} \times 50\% = 16 \text{ ha} \)
Case study 4

- The applicant declared 70 ha for allocation of PE and BPS
- The area determined is 55 ha
- Please, calculate the payment for BPS in 2015
Results

• Article 18 (1) of R 640/2014 is relevant, in particular the last sentence
  
  This paragraph shall not apply in the first year of allocation of payment entitlements

• The applicant will receive 55 PE of 200 euro
Results

• Declared 70 ha
• Determined 55 ha
  • Difference 70 – 55 = 15
  • \( \frac{15}{55} \times 100\% = 27,3\% \)
  -> difference is greater than 20% and 2 ha -> no aid

• Therefore no aid for BPS will be paid in 2015
Case study 5

- The area declared is 65 ha
- The PE declared is 60ha (for BPS)
- The area determined is 55 ha

- Please, calculate the payment for BPS/SAPS in 2016

  - Replies to CY(2015)185858, LT(2014)3891321 and RO(2015)2463986 were provided
Results for BPS

• Article 18 (1)(b) of R 640/2014 is relevant
  • If there is a difference between the number of PE declared and the area declared, the area declared shall be adjusted to the lower figure

• This can result into not activation of payment entitlements for the particular year

• Basis for the greening payment is 55ha
Results for BPS

- Declared 65 ha
- Declared PE 60 ha
- Determined 55 ha
  - **Difference 60 – 55 = 5**
  - **5/55 * 100% = 9%**
  - -> difference is greater than 3% and 2 ha but is no more than 20% -> penalty = twice the difference = 10ha
  - Payment is 55-10=45ha * 200€ = 9 000€
  - PE not activated for 5ha
Results for SAPS

- **Declared 65 ha**
- **Determined 55 ha**
  - Difference $65 - 55 = 10$
  - $\frac{10}{55} \times 100\% = 18,2\%$
  - -> difference is greater than 3% and 2 ha but is no more than 20% -> penalty = twice the difference = 20ha
- **Payment is $55 - 20 = 35$ ha $\times 200\€ = 7 000\€**
- **Basis for the greening payment is 55ha**
Case study 6

- The applicant declared 28 ha
- During OTSC found that 1 parcel of 2 ha has not been declared

- Please, calculate the payment for SAPS in 2015

- Replies to CY(2015)185858 and NL(2014)202980 were provided
Results

- The applicant will be paid on hectares declared = 28 ha (Article 18(5))

- Penalty for non-declaration of all parcels – Article 16
Results

• *Declared 28 ha*

• *1 parcel of 2ha has not been declared*
  • \( \frac{2}{28} \times 100\% = 7\% \)
  • 3% severity has been set

• *Payment for SAPS = 28 ha\( \times 200\)\( £ = 5 600\)\( £ \)*
  • Minus penalty for non-declaration of all parcels: 3% which is 168 euro makes 5 432 euro
Case study 7

- The area declared is 40ha
- Total reduction is 8ha (non-compliance with CD)

Please, calculate the greening payment for 2016, 2017 and 2018
Results

- The reduction leads to administrative penalties -> difference of 8ha corresponds to 25% of area after reduction (32ha)
  - In 2016 no penalties applied
  - In 2017 penalties are divided by 5 and limited to 20%
  - In 2018 penalties are divided by 4 and limited to 25%
Results

- Declared 40 ha
- Reduction 8 ha
- Administrative penalties - Article 28(1):
  - No aid shall be granted = 32ha
    - Concerned difference corresponds to 25% of area after reduction
  - 2016: no penalties
  - 2017: penalties divided by 5 = 32/5 = 6.4ha * 70€ = 448€
  - 2018: penalties divided by 4 = 32/4 = 8ha * 70€ = 560€
Results

• *Greening payment:*
  
  - **2016:** 32ha * 70€ = 2 240€
  - **2017:** 2 240€ - 448€ = 1 792€
  - **2018:** 2 240€ - 560€ = 1 680€
Case study 8

• The applicant declared 9,5ha
• Total area found on the spot is 10,5ha
  • Either non-declaration of entire parcel
  • Or under-declaration of declared parcels
• 1 crop found on the spot

• Please, calculate the payment for SAPS and greening in 2017

• Replies to CY(2015)185858 and NL(2014)202980 were provided
Results – non-declaration of parcel

- The non-declared parcel is not taken into account for assessing whether the greening obligation is required -> total area of arable land (9.5ha) < 10ha threshold – **exempted from crop diversification and EFA**
  - Article 28(2) is relevant

- Penalty for non-declaration of all parcels is applicable (3% of the overall amount of area-related aid/support schemes)
Results – non-declaration of parcel

- **SAPS payment:** 9.5ha * 200€ = 1 900€

- **Greening payment:**
  - **Basis for the calculation 9.5ha**
  - **Penalty for escaping from greening = 10% from 9.5ha = 0.95ha/5 = 0.19ha**
    - In 2017 penalty is divided by 5 and limited to 20% (1.9ha)

- **Total greening payment:** 9.5 – 0.19 = 9.31ha * 70€ = 651.7€
Results – non-declaration of parcel

- Total payment: 1 900€ + 651,7€ = 2 551,7€
  - Minus penalty for non-declaration of all parcels: 3% severity was set = 76,55 euro
  - This penalty is reduced by the penalty under Article 28(2) = 76,55 – (0,19 * 70€) = 63,25€

- Total payment to the applicant is 2 551,7€ - 63,25€ = 2 488,45€
Results – non-declaration of parcel – Article 16 applied separately on SAPS payment and greening payment

- **SAPS payment of 1 900€**
  - Minus penalty for non-declaration of all parcels: 3% severity was set = 57€

- **Total SAPS payment is 1 900€ - 57€ = 1 843€**

- **Greening payment of 651,7€**
  - Minus penalty for non-declaration of all parcels: 3% severity was set = 19,55€
  - This penalty is reduced by the penalty under Article 28(2) = 19,55€ - 13,3€ (0,19 * 70€) = 6,25€

- **Total greening payment 651,7€ - 6,25€ = 645,45€**

- **Total payment to the applicant is 1 843€ + 645,45€ = 2 488,45€**
Results – under-declaration of parcels declared

- The total area found on the spot is taken into account for assessing whether the greening obligation is required - total area of arable land (10,5ha) > 10ha threshold – crop diversification required:
  - CD – non-compliant
    - Only 1 crop found but two are required – reduction to apply
  - Article 28(2) is also relevant as declaring less to escape from greening
Results – under-declaration of parcels declared

- **SAPS payment**: 9,5ha * 200€ = 1 900€
- **Greening payment**:
  - **Basis for the calculation** 9,5ha
  - **Reduction for non-compliance with CD**:
    - 10,5ha * 50% * 1 = 5,25ha
      - Where ratio of difference equals to:
      - 10,5 – 7,875 = 2,625 ha – area that goes beyond 75%
      - 10,5 – 7,875 = 2,625ha – area required for the second crop
      - Ratio 2,625/2,625
  - **Number of hectares after reduction is 4,25ha**
Results – under-declaration of parcels declared

• *Administrative penalty applicable:*
  • *Article 28(1):*
    • Difference between basis and payment after reduction is 5.25 ha -> difference is greater than 50% and 2 ha -> no aid + additional penalty = 4.25 + 5.25 = 9.5 ha
      - Concerned difference corresponds to 124% of area after reduction
  • *Article 28(2):*
    • 10% from area after reduction = 0.425 ha
  • *Article 28(3):*
    • \((4.25 + 5.25 + 0.425) / 5 = 9.925 / 5 = 1.985 \text{ha}\)
      - In 2017 penalty is divided by 5 and limited to 20% (1.9 ha)

• *Total administrative penalties = 1.9 ha*
Results – under-declaration of parcels declared

- Total greening payment is $= 9,5 - 5,25$ (reduction) $- 1,9$ (penalty) $= 2,35 \text{ha} \times 70\text{€} = 164,5\text{€}$

- Payment to the applicant:
  - $1,900\text{€} + 164,5\text{€} = 2,064,5\text{€}$
Case study 9

- Deadline for submission of single aid application is 13 May 2015
- Application submitted on 16 May
- Declared 60ha
- PE declared 60
- Determined 55ha
- EFA declared 3ha
- EFA found 2.5ha
- 1 ha of environmentally sensitive PG converted into arable land
- Non-compliance with EFA in 2015, 2018 and 2019

- Please, calculate the payment for BPS/SAPS and greening for 2020

- Reply to CY(2015)185858 was provided
Results for BPS/SAPS

• *Area declared (60ha) > area determined (55ha)*
  • penalty for over-declaration

• *The application submitted 3 days later – Article 13 applies – 3% from the total BPS/SAPS payment*
Results for BPS/SAPS

- Declared 60 ha
- Determined 55 ha
  - \textit{Difference} \(60 - 55 = 5\)
  - \(\frac{5}{55} \times 100\% = 9\%\)
  - \textit{difference is greater than 3\% and 2 ha but is no more than 20\% = penalty = twice the difference = 10 ha}

- Payment is \(55-10=45\text{ha}\) \(\times 200\text{€} = 9\ 000\text{€}\)
  - \textit{Minus reduction for late submission of single aid application: 3\% which is 270 euro makes 8 730 euro}
Results for greening

- **CD** requirement is OK
- **PG** – 1ha of environmentally sensitive PG converted
- **EFA** – 2.75ha required (**5% from 55ha**)  
  - 2.5ha found
- **Non-compliance with EFA detected for 3 preceding years** – **Application of Article 26(3)** where the reduction will be calculated on the total area of arable land determined * ratio of difference
Results for greening

- **Determined 55 ha**
- **Reduction applicable:**
  - 1ha (environmentally sensitive PG converted into arable land)
  - **EFA non-compliance for fourth year** - \( 55 \times \frac{0.25}{2.75} = 5ha \), where ratio: \( \frac{2.75 - 2.5}{2.75} = 0.25/2.75 \)
- **Total reduction** = 1ha (PG converted) + 5ha (EFA non-compliance) = 6ha
- **Payment after application of reduction** = 49ha
Results for greening

• Administrative penalty applicable:
  • difference is greater than 3% and 2 ha but is no more than 20% = penalty = twice the difference = 2*6=12ha
    - Concerned difference is 6ha and corresponds to 12% of area after reduction
  • In 2020 the penalty is divided by 4 and limited to 25% = 12 / 4 = 3ha
    - Limitation to 25% of 55ha = 13,75ha
• Total administrative penalties = 3ha
• Total greening payment is = 55 – 6 (reduction) – 3 (penalty) = 46ha * 70€ = 3 220€
  - Minus reduction for late submission - 3 days late - 1%*3 - reduction of 96,6€ makes total payment of 3 123,4€