
Simplified system of administrative penalties and the introduction of a "yellow card" system

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D.3 Implementation support, monitoring, IACS and LPIS
Disclaimer

This presentation has been prepared by DG AGRI staff in order to facilitate the discussion in the joint Expert Group for Direct Payments and Rural Development.

It has not yet been subject of an inter-service consultation nor revised by the Legal Service.
Policy background

Announcement of the Commissioner at the Agriculture & Fisheries Council of 16 November 2015

"I have asked my services in DG AGRI to look how we can simplify the administrative penalty system for direct support, particularly with a view to the application of appropriate penalty levels that reflect the seriousness or otherwise of the breach of the rules of the scheme"
Background

Announcement of the Commissioner at the November Council

Simplify the **administrative penalty**

DG Agri working group on simplification of IACS

2 tier-system => stable/variable (annual) information

Adaption of provision on
1. the **administrative penalty**

Introduction of provisions on
2. a system of "**yellow cards**" for first offenders
Scope of the proposals

To ensure a sound financial management of the CAP via

- Effective administrative cross-checks with LPIS
- Retro-active recovery

- Basic payment scheme, single area payment scheme, re-distributive payment, young farmers scheme and small farmers scheme
  - Small farmers scheme only in case of system of due payments
Administrative penalty

- Current system according to Article 19

<table>
<thead>
<tr>
<th>IACS administrative penalties</th>
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</thead>
<tbody>
<tr>
<td>over-declaration below 3% or 2ha :</td>
<td>no penalty</td>
</tr>
<tr>
<td>over-declaration above 3% or 2ha :</td>
<td>penalty = 2x difference (between area declared and found)</td>
</tr>
<tr>
<td>over-declaration above 20% :</td>
<td>penalty (incl. reduction) = no aid</td>
</tr>
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<td>over-declaration above 50% :</td>
<td>penalty (incl. reduction) = no aid + 1x difference</td>
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## Administrative penalty

- **New system provided for in Article 19a(1)**

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<td><strong>over-declaration below 3% or 2ha:</strong> no penalty</td>
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<td><strong>over-declaration above 3% or 2ha:</strong> penalty = 1.5x difference</td>
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Introduction of a system of "yellow cards"

- **Upfront** – as part of the application process
  - Preventative preliminary checks
    - Avoiding errors and consequently administrative penalties
    - Already published with Regulation (EU) No 2015/2333

- **Later on** – as part the application of administrative penalties
  - Lower penalty for a first offender
  - To be paid back where the beneficiary commits an over-declaration again the following claim year
The "yellow card" as part of the administrative penalty

- The administrative penalty reduced by 50% for a first offender in case of small over-declarations
- Over-declarations below 10% of the area determined
  - Article 19a(2) of Regulation (EU) No 640/2014
The "yellow card" as part of the administrative penalty

- **If the beneficiary over-declares again the following year he must pay back the outstanding amount**
  - on top of his "normal" penalty
    - Article 19a(3) of Regulation (EU) No 640/2014

- **Follow-up on-the-spot checks the following claim year**
  - but only of those beneficiaries whose non-compliance was detected by an OTSC
    - Article 30 point (i) of Regulation (EU) No 809/2014
The "yellow card" as part of the administrative penalty

- To be applied as from 2016
- To be applied per beneficiary and per scheme
- To be followed-up the following claim year
Summary

Introduction of Article 19a in Regulation (EU) No 640/2014

- Indicates the scope of the provisions
- Paragraph 1 concerns the new administrative penalty
- Paragraph 2 and 3 the "yellow card"

Amendment to Article 30 of Regulation (EU) No 809/2014

- Establishes the on-the-spot checks to control the following claim year the beneficiaries with a "yellow card"