Applying the age limit in the case of legal persons in the context of the YOUNG FARMER PAYMENT

Expert group for direct payments
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European Commission
DG Agriculture and Rural Development
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Young farmer payment under pillar 1 (1/2)

General rules

- Eligible farmers
  - Setting up for the first time and no more than 40 years of age in the year of their first application for the BPS/SAPS
  - (MS choice) possessing appropriate skills and/or training requirements defined by MS

- Payment granted for a period of maximum five years (linked to the setting up and the first application for the scheme), not operational aid

- Ceiling: up to 2 % of the direct payments' envelope

- Amount of the payment depends on the calculation method decided by a MS
Young farmer payment under pillar 1 (2/2)

- Article 50 of Regulation (EU) 1307/2013 sets out the general rules for natural persons and empowers the Commission to adopt delegated acts concerning the conditions for legal persons.

- Article 50(2) of R1307/2013 provides two cumulative entry conditions:
  - point (a): first setting up (in the 5 years preceding the first application under BPS/SAPS)
  - point (b): no more than 40 years of age at the time of the application referred to in point (a)

- Article 49(3) of R639/2014 further specifies that for legal persons the first BPS/SAPS application referred to in Art 50(2)(a) of BA = first application under the YFP.

- Article 49(3) of R639/2014 makes no reference to the age limit specified in Art 50(2)(b) of BA.
Young farmer payment: clarifying the age limit application in case of legal persons

- The policy intention is to allow support also for those YF who have taken over a holding that has in the past received support under BPS/SAPS

- This is why Article 49(3)(b) of DA refers to first application under the YFP in the context of point (a) of Article 50(2) of BA, i.e. for calculating the 5-year maximum period of YFP

- In contrast, the age limit of 40 years should be respected by the YF at the time of the first application of the legal person to BPS/SAPS with a YF in control of that legal person

- Any different interpretation on when the age limit of the YF in control over the legal person should be looked at poses a risk of unequal treatment of legal and natural persons with respect to the age criterion under the YFP
### Table: Setting-up => years of payment

<table>
<thead>
<tr>
<th><strong>LEGAL PERSON</strong></th>
<th><strong>NATURAL PERSON</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Setting-up</strong></td>
<td>2017 (first application for BPS/SAPS with SON in control – see Art 49(3)(c) of R639/2014)</td>
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<tr>
<td></td>
<td><strong>2018-2019-2020-2021</strong></td>
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<tr>
<td><strong>=&gt; years of payment</strong></td>
<td><strong>Note: 1 year (2017) has elapsed – Art 50(5)</strong></td>
</tr>
<tr>
<td><strong>Age criterion</strong></td>
<td><strong>2018</strong> (with the current wording)</td>
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<tr>
<td></td>
<td><strong>2017</strong> (with the proposed wording)</td>
</tr>
</tbody>
</table>

**Possible difference in treatment**: In the above (very specific) example with a 1-year gap between first BPS/SAPS applications and first YFP application, if the YF turns 41 in 2018 (e.g. born in 1977), then he will get 4 years of YFP in 2018 as a natural person, but (with the current wording) he will get no YFP if he is head of the legal person.
Proposed amendment of Regulation (EU) 639/2014

In Article 49(3), the following subparagraph is added:

"a young farmer who exercises effective and long-term control over the legal person within the meaning of point (b) of the first subparagraph of paragraph 1 of this Article shall be no more than 40 years of age in the year of the first submission of an application under the basic payment scheme or the single area payment scheme by that legal person with a young farmer in control for the purposes of Article 50(2)(b) of Regulation (EU) No 1307/2013."
Tentative timeline

- Consultation with MS (content-wise):
  - Expert Group: 29 June 2016
- Launch of CIS: 11 July 2016
- Arrival of translations: 8 August 2016
- Consultation with MS (language versions only): 9 – 16 August 2016
- Adoption and transmission to Council and EP: 14 September 2016
- Entry into force and application (unless scrutiny period is extended): 14 November 2016
Thank you for your attention!