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►B REGULATION (EU) No 1306/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 17 December 2013

on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008

(OJ L 347, 20.12.2013, p. 549)

Amended by:

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		No	page	date
►M1	Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013	L 347	865	20.12.2013
►M2	Regulation (EU) 2016/791 of the European Parliament and of the Council of 11 May 2016	L 135	1	24.5.2016
►M3	Regulation (EU) 2017/2393 of the European Parliament and of the Council of 13 December 2017	L 350	15	29.12.2017
►M4	Regulation (EU) 2020/127 of the European Parliament and of the Council of 29 January 2020	L 27	1	31.1.2020

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►C2	Corrigendum, OJ L 327, 9.12.2017, p. 83 (1306/2013)

▼B

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TITLE I

SCOPE AND DEFINITIONS

Article 1

Scope

This Regulation lays down the rules on:

(a) the financing of expenditure under the Common Agricultural Policy (CAP), including expenditure on rural development;

(b) the farm advisory system;

(c) the management and control systems to be put in place by the Member States;

(d) the cross-compliance system;

(e) clearance of accounts.

Article 2

Terms used in this Regulation

1. For the purpose of this Regulation:

(a) "farmer", means a farmer within the meaning of Article 4 of Regulation (EU) 1307/2013;

(b) "agricultural activity" means an agricultural activity within the meaning of Article 4 of Regulation (EU) 1307/2013;

(c) "agricultural area" means an agricultural area within the meaning of Article 4 of Regulation (EU) 1307/2013;

(d) "holding" means holding within the meaning of Article 4 of Regulation (EU) 1307/2013, save as provided for in Article 91(3);

(e) "direct payments" means direct payments within the meaning of Article 1 of Regulation (EU) 1307/2013;

(f) "sectoral agricultural legislation" means any applicable acts adopted within the framework of the CAP on the basis of Article 43 TFEU as well as, where applicable, any delegated or implementing acts adopted on the basis of such acts, and Part Two of Regulation (EU) No 1303/2013 insofar as it applies to the EAFRD;

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(g) "irregularity" means an irregularity within the meaning of Article 1(2) of Regulation (EC, Euratom) No 2988/95.

2. For the purposes of the financing, management and monitoring of the CAP, "force majeure" and "exceptional circumstances" may, in particular, be recognised in the following cases:

(a) the death of the beneficiary;

(b) long-term professional incapacity of beneficiary;

(c) a severe natural disaster gravely affecting the holding;

(d) the accidental destruction of livestock buildings on the holding;

(e) an epizootic or a plant disease affecting part or all of the beneficiary's livestock or crops respectively;

(f) expropriation of all or a large part of the holding if that expropriation could not have been anticipated on the day of lodging the application.

TITLE II

GENERAL PROVISIONS ON AGRICULTURAL FUNDS

CHAPTER I

Agricultural Funds

Article 3

Funds financing agricultural expenditure

1. In order to achieve the objectives of the CAP as set out in the TFEU, the financing of the various measures falling under that policy, including rural development shall be made by:

(a) the European Agricultural Guarantee Fund (EAGF);

(b) the European Agricultural Fund for Rural Development (EAFRD).

2. The EAGF and the EAFRD (the "Funds") shall come under the general budget of the European Union (the Union's budget).

Article 4

EAGF expenditure

1. The EAGF shall be implemented in shared management between the Member States and the Union. It shall finance the following expenditure, which shall be effected in accordance with Union law:

(a) measures regulating or supporting agricultural markets;

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(b) direct payments to farmers under the CAP;

(c) the Union's financial contribution to information and promotion measures for agricultural products on the internal market of the Union and in third countries, undertaken by Member States on the basis of programmes other than those referred to in Article 5 and which are selected by the Commission;

▼M2

(d) the Union's financial contribution to the measures related to animal diseases and loss of consumer confidence as referred to in Article 220 of Regulation (EU) No 1308/2013.

▼B

2. The EAGF shall finance the following expenditure in a direct manner and in accordance with Union law:

(a) promotion of agricultural products, undertaken either directly by the Commission or through international organisations;

(b) measures, taken in accordance with Union law, to ensure the conservation, characterisation, collection and utilisation of genetic resources in agriculture;

(c) the establishment and maintenance of agricultural accounting information systems;

(d) agricultural survey systems, including surveys on the structure of agricultural holdings.

Article 5

EAFRD expenditure

The EAFRD shall be implemented in shared management between the Member States and the Union. It shall finance the Union's financial contribution to rural development programmes implemented in accordance with the Union law on support for rural development.

Article 6

Other expenditure, including technical assistance

The Funds may each, finance, in a direct manner, on the initiative of the Commission and/or on its behalf, the preparatory, monitoring, administrative and technical support activities, as well as evaluation, audit and inspection measures required to implement the CAP. Those measures shall include, in particular:

(a) measures required for the analysis, management, monitoring, information exchange and implementation of the CAP, as well as measures relating to the implementation of control systems and technical and administrative assistance;

(b) the acquisition by the Commission of the satellite images required for the checks in accordance with Article 21;

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(c) the measures taken by the Commission through remote-sensing applications used for the monitoring of agricultural resources in accordance with Article 22;

(d) measures required to maintain and develop methods and technical means for information, interconnection, monitoring and control of the financial management of the funds used to finance the CAP;

(e) provision of information on the CAP in accordance with Article 45;

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP;

(g) where relevant, executive agencies that are set up in accordance with Council Regulation (EC) No 58/2003 ([1]), acting in connection with the CAP;

(h) measures relating to dissemination of information, raising awareness, promoting cooperation and exchanging experience at Union level, taken in the context of rural development, including the networking of the parties concerned;

(i) measures required for the development, registration and protection of logos within the framework of the Union quality policies and for the protection of intellectual property rights linked to it, as well as the necessary information technology (IT) developments.

CHAPTER II

Paying agencies and other bodies

Article 7

Accreditation and withdrawal of accreditation of paying agencies and coordinating bodies

1. Paying agencies shall be departments or bodies of the Member States responsible for the management and control of expenditure referred to in Article 4(1) and Article 5.

With the exception of payment, the carrying out of those tasks may be delegated

2. Member States shall accredit as paying agencies departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are

([1]) Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

▼B

legal and regular, and properly accounted for. To this end, paying agencies shall comply with minimum conditions for the accreditation with regard to internal environment, control activities, information and communication and monitoring laid down by the Commission pursuant to point (a) of Article 8(1).

Each Member State shall, taking into account its constitutional provisions, restrict the number of its accredited paying agencies to no more than one at national level or, where applicable, to one per region. However, where paying agencies are established at regional level, Member States shall, in addition, either accredit a paying agency at national level for aid schemes which, by their nature, have to be managed at national level or shall confer the management of these schemes on their regional paying agencies.

By way of derogation from the second subparagraph, Member States may maintain the number of paying agencies which have been accredited before 20 December 2013.

Before the end of 2016, the Commission shall present a report to the European Parliament and to the Council on the operation of the system of paying agencies in the Union accompanied, where appropriate, by legislative proposals.

3. By 15 February of the year following the financial year concerned, the person in charge of the accredited paying agency shall draw up:

(a) the annual accounts for the expenditure effected in carrying out the tasks entrusted to their accredited paying agencies, accompanied by the requisite information for their clearance in accordance with Article 51;

(b) a management declaration as to the completeness, accuracy and veracity of the accounts and the proper functioning of the internal control systems, based on objective criteria, as well as to the legality and regularity of the underlying transactions;

(c) an annual summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of the errors and of weaknesses in systems identified, as well as corrective action to be taken or planned.

The deadline of 15 February may be exceptionally extended by the Commission to 1 March at the latest, upon communication by the Member State concerned.

4. Where more than one paying agency is accredited, the Member State shall designate a public body ("the coordinating body"), to which it shall assign the following tasks:

(a) to collect the information to be made available to the Commission and to send that information to the Commission;

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(b) to take or coordinate, as the case may be, actions with a view to resolving any deficiencies of a common nature and keep the Commission informed of any follow-up;

(c) to promote and, where possible, ensure harmonised application of the Union rules.

As regards the processing of the financial information referred to in point (a) of the first subparagraph, the coordinating body shall be subject to specific accreditation by the Member States.

5. Where an accredited paying agency does not meet or no longer meets one or more of the accreditation criteria referred to in paragraph 2, the Member State, acting on its own initiative or at the request of the Commission, shall withdraw that accreditation unless the paying agency makes the necessary changes within a period to be determined depending on the severity of the problem.

6. The paying agencies shall manage and ensure the control of the operations linked to public intervention for which they are responsible and they shall retain overall responsibility in that field.

Article 8

Commission powers

1. To ensure the sound operation of the system provided for in Article 7, the Commission shall be empowered to adopt delegated acts in accordance with Article 111 concerning:

(a) the minimum conditions for the accreditation of paying agencies and of the coordinating bodies referred to in Article 7(2) and in Article 7(4), respectively;

(b) the obligations of the paying agencies as regards public intervention, as well as the rules on the content of their management and control responsibilities.

2. The Commission shall adopt implementing acts laying down rules on:

(a) the procedures for issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies, as well as the procedures for the supervision of the accreditation of paying agencies;

(b) the work and checks underlying the management declaration of the paying agencies;

(c) the functioning of the coordinating body and the notification of information to the Commission as referred to in Article 7(4).

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

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Article 9

Certification bodies

1. The certification body shall be a public or private audit body designated by the Member State. Where it is a private audit body, and the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure. It shall provide an opinion, drawn up in accordance with internationally accepted audit standards, on the completeness, accuracy and veracity of the annual accounts of the paying agency, on the proper functioning of its internal control system and on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission. That opinion shall also state whether the examination puts in doubt the assertions made in the management declaration.

The certification body shall have the necessary technical expertise. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency.

2. The Commission shall adopt implementing acts laying down rules on the tasks of the certification bodies, including the checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies. In view of the need for maximum efficiency, for transaction testing and for professional audit judgment, in the context of an integrated approach, the implementing acts shall also lay down:

(a) the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required;

(b) the audit methods to be used, by the certification bodies, having regard to international standards on auditing, to deliver their opinions, including, where appropriate, the use of a single integrated sample for each population and, where appropriate, the possibility to accompany paying agencies' on-the-spot checks

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 10

Admissibility of payments made by the paying agencies

The expenditure referred to in Article 4(1) and in Article 5 may be covered by Union financing only if it has been effected by accredited paying agencies.

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Article 11

Payment in full to beneficiaries

Except where otherwise explicitly provided for in Union law, payments relating to the financing provided for in this Regulation shall be disbursed in full to the beneficiaries.

TITLE III

FARM ADVISORY SYSTEM

Article 12

Principle and scope

1. Member States shall establish a system for advising beneficiaries on land management and farm management ('farm advisory system'). That farm advisory system shall be operated by designated public bodies and/or selected private bodies.

2. The farm advisory system shall cover at least the following:

(a) obligations at farm level resulting from the statutory management requirements and the standards for good agricultural and environmental condition of land as laid down in Chapter I of Title VI;

(b) the agricultural practices beneficial for the climate and the environment as laid down in Chapter 3 of Title III of Regulation (EU) No 1307/2013 and the maintenance of the agricultural area as referred to in point (c) of Article 4(1) of Regulation (EU) No 1307/2013;

(c) measures at farm level provided for in rural development programmes for farm modernisation, competitiveness building, sectoral integration, innovation and market orientation, as well as for the promotion of entrepreneurship;

(d) requirements, at the level of beneficiaries as defined by Member States for implementing Article 11(3) of Directive 2000/60/EC;

(e) requirements at the level of beneficiaries as defined by Member States for implementing Article 55 of Regulation (EC) No 1107/2009, in particular the requirement referred to in Article 14 of Directive 2009/128/EC.

3. The farm advisory system may also cover, in particular:

(a) the promotion of conversions of farms and the diversification of their economic activity;

(b) risk management and the introduction of appropriate preventive actions to address natural disasters, catastrophic events and animal and plant diseases;

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(c) the minimum requirements established by national law, as referred to in Article 28(3) and 29(2) of Regulation (EU) No 1305/2013;

(d) the information related to climate change mitigation and adaptation, biodiversity and protection of water, as set out in Annex I to this Regulation.

Article 13

Specific requirements relating to the farm advisory system

1. Member States shall ensure that advisors working within the farm advisory system are suitably qualified and regularly trained.

2. Member States shall ensure the separation between advice and checks. In that respect, and without prejudice to national law concerning public access to documents, Member States shall ensure that the selected and designated bodies as referred to in Article 12(1) do not disclose any personal or individual information or data they obtain in the course of their advisory activity to persons other than the beneficiary who is managing the holding concerned, with the exception of any irregularity or infringement found in the course of their activity which is covered by an obligation laid down in Union or national law to inform a public authority, in particular in the case of criminal offences.

3. The national authority concerned shall provide, primarily by electronic means, the potential beneficiary with the appropriate list of selected and designated bodies as referred in Article 12(1).

Article 14

Access to the farm advisory system

Beneficiaries and farmers not receiving support under the CAP may use the farm advisory system on a voluntary basis.

Without prejudice to the fourth subparagraph of Article 99(2), Member States may, however, determine in accordance with objective criteria, the categories of beneficiaries that have priority access to the farm advisory system, including networks operating with limited resources within the meaning of Articles 53, 55 and 56 of Regulation (EU) No 1305/2013.

In such cases, Member States shall ensure that priority is given to those farmers with the most limited access to an advisory service other than the farm advisory system.

The farm advisory system shall ensure that beneficiaries have access to advice reflecting the specific situation of their holding.

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Article 15

Commission powers

The Commission may adopt implementing acts laying down rules on the uniform implementation of the farm advisory system in order to render that system fully operational.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

TITLE IV

FINANCIAL MANAGEMENT OF THE FUNDS

CHAPTER I

EAGF

Section 1

Financing of expenditure

Article 16

Budget ceiling

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1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom) No 1311/2013 and under the Regulation to be adopted by the Council pursuant to Article 312(2) TFEU for the years 2021 to 2027.

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2. In the event that Union law provides for sums to be deducted from or added to the amounts referred to in paragraph 1, the Commission shall adopt implementing acts without applying the procedure referred to in Article 116, setting the net balance available for EAGF expenditure on the basis of the data referred to in Union law.

Article 17

Monthly payments

1. The appropriations necessary to finance the expenditure referred to in Article 4(1) shall be made available to Member States by the Commission in the form of monthly payments, on the basis of the expenditure effected by the accredited paying agencies during a reference period.

2. Until transfer of the monthly payments by the Commission, the resources required to undertake expenditure shall be mobilised by the Member States according to the needs of their accredited paying agencies.

Article 18

Procedure for monthly payments

1. Without prejudice to the application of Articles 51 and 52, monthly payments shall be made by the Commission for expenditure effected by accredited paying agencies during the reference month.

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2. Monthly payments shall be made to each Member State at the latest on the third working day of the second month following that in which the expenditure is effected. Expenditure effected by Member States between 1 and 15 October shall count as having been made in the month of October. Expenditure effected between 16 and 31 October shall count as having been made in the month of November.

3. The Commission shall adopt implementing acts determining the monthly payments which it makes on the basis of a declaration of expenditure from the Member States and the information supplied in accordance with Article 102(1), taking account of reductions or suspensions applied under Article 41 or any other corrections. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

4. The Commission may adopt, implementing acts without applying the procedure referred to in Article 116, determining supplementary payments or deductions. In such cases, the committee referred to in Article 116(1) shall be informed at its next meeting.

Article 19

Administrative and personnel costs

Expenditure relating to administrative and personnel costs effected by Member States and by beneficiaries of aid from the EAGF shall not be borne by the Fund.

Article 20

Public intervention expenditure

1. Where, within the framework of the common organisation of the markets, a sum per unit is not determined in respect of a public intervention, the EAGF shall finance the measure concerned on the basis of standard amounts uniform throughout the Union, in particular as regards funds originating in the Member States used for buying-in products, for material operations arising from storage and, where appropriate, for the processing of intervention products.

2. In order to ensure the funding by the EAGF of the public intervention expenditure the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning:

(a) the type of measures eligible for Union financing and the reimbursement conditions;

(b) the eligibility conditions and calculation methods based on the information actually observed by the paying agencies or based on flat-rates determined by the Commission, or based on flat-rate or non-flat-rate amounts provided for by the sectoral agricultural legislation.

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3. In order to ensure the proper management of the appropriations entered in the Union's budget for the EAGF, the Commission shall be empowered to adopt delegated acts in accordance with Article 115, laying down rules on the valuation of operations in connection with public intervention, the measures to be taken in the case of loss or deterioration of products under the public intervention, and on the determination of the amounts to be financed.

4. The Commission shall adopt implementing acts, fixing the amounts referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

Article 21

Acquisition of satellite images

The list of the satellite images required for checks shall be agreed by the Commission and the Member States in accordance with the specification prepared by each Member State.

The Commission shall supply those satellite images free of charge to the control bodies or to suppliers of services authorised by those bodies to represent them.

The Commission shall remain the owner of the satellite images and shall recover them on completion of the work. It may also provide that work be carried out on enhancing techniques and working methods in connection with the inspection of agricultural areas by remote sensing.

Article 22

Monitoring of agricultural resources

The measures financed pursuant to point (c) of Article 6 shall aim to give the Commission the means to:

(a) manage Union agricultural markets in a global context;

(b) ensure agri-economic and agri-environmental monitoring of agricultural land, including agro-forestry, and monitoring of the condition of crops so as to enable estimates to be made, in particular as regards yields and agricultural production;

(c) share the access to such estimates in an international context, such as those initiatives coordinated by United Nations organisations or other international agencies;

(d) contribute to transparency of world markets; and

(e) ensure technological follow-up of the agri-meteorological system.

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The measures financed pursuant to point (c) of Article 6 concern the collection or purchase of data needed to implement and monitor the CAP, including satellite data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of soil health and the updating of agri-meteorological and econometric models. Where necessary, those measures shall be carried out in collaboration with national laboratories and bodies.

Article 23

Implementing powers

The Commission may adopt implementing acts, laying down:

(a) rules relating to the financing pursuant to points (b) and (c) of Article 6,

(b) the procedure under which the measures referred to in Articles 21 and 22 shall be carried out in order to meet the objectives assigned,

(c) the framework governing the acquisition, enhancing and utilisation of satellite images and meteorological data, and the applicable deadlines.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Section 2

Budget discipline

Article 24

Compliance with the ceiling

1. Throughout the budget procedure and the implementation of the budget, appropriations relating to EAGF expenditure shall not exceed the amount referred to in Article 16.

All legislative instruments proposed by the Commission and adopted by the European Parliament and the Council, the Council or the Commission and that have an influence on the EAGF budget shall comply with the amount referred to in Article 16.

2. Where Union law provides for a financial ceiling in euro for agricultural expenditure in respect of a Member State, such expenditure shall be reimbursed subject to that limit set in euro, and, where Article 41 applies, with any necessary adjustments.

3. National ceilings for direct payments referred to in Article 7 of Regulation (EU) No 1307/2013, corrected by the adjustments laid down in Article 26 of this Regulation, shall be deemed to be financial ceilings in euro.

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Article 25

Reserve for crises in the agricultural sector

A reserve intended to provide additional support for the agricultural sector in the case of major crises affecting the agricultural production or distribution ("the reserve for crises in the agricultural sector") shall be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism referred to in Article 26.

The total amount of the reserve shall be EUR 2 800 million with equal annual instalments of EUR 400 million (at 2011 prices) for the period 2014-2020 and shall be included under Heading 2 of the Multiannual Financial Framework as set out in the Annex to Regulation (EU, Euratom) No 1311/2013.

Article 26

Financial discipline

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1. In order to ensure that the annual ceilings referred to in Article 16 for the financing of the market-related expenditure and direct payments are respected, an adjustment rate for direct payments (‘the adjustment rate’) shall be determined when the forecasts for the financing of the measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.

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3. The Commission shall, by 30 June of the calendar year in respect of which the adjustment rate applies, adopt implementing acts fixing the adjustment rate. Such implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

4. Until 1 December of the calendar year in respect of which the adjustment rate applies, the Commission may, on the basis of new information, adopt implementing acts adapting the adjustment rate set in accordance with paragraph 3. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

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5. By way of derogation from the fourth subparagraph of Article 169(3) of Regulation (EU, Euratom) No 966/2012, Member States shall reimburse the appropriations carried over in accordance with Article 169(3) of Regulation (EU, Euratom) No 966/2012 to the final recipients who are subject, in the financial year to which the appropriations are carried over, to the adjustment rate.

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The reimbursement referred to in the first subparagraph shall only apply to final beneficiaries in those Member States where financial discipline applied in the preceding financial year.

6. The Commission may adopt implementing acts, laying down the terms and conditions applicable to appropriations carried over in accordance with Article 169(3) of Regulation (EU, Euratom) No 966/2012 in order to finance the expenditure referred to in Article 4(1)(b) of this Regulation. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

7. When applying this Article, the amount of the reserve for crises in the agricultural sector referred to in Article 25 shall be included in the determination of the adjustment rate. Any amount not made available for crisis measures by the end of the financial year shall be disbursed in accordance with paragraph 5 of this Article.

Article 27

Budget discipline procedure

1. The Commission shall present to the European Parliament and to the Council, at the same time as the draft budget for financial year N, its forecasts for financial years N - 1, N and N + 1.

2. If, on drawing up the draft budget for financial year N, there appears to be a risk that the amount referred to in Article 16 for financial year N will be exceeded, the Commission shall propose to the European Parliament and to the Council or to the Council, the measures necessary to ensure compliance with that amount.

3. At any time, if the Commission considers that there is a risk that the amount referred to in Article 16 will be exceeded and that it cannot take adequate measures to remedy the situation under its powers, it shall propose other measures to ensure compliance with that amount. Those measures are adopted by the Council where the legal basis of the relevant measure is Article 43(3) TFEU or by the European Parliament and the Council where the legal basis of the relevant measure is Article 43(2) TFEU.

4. If, at the end of financial year N, reimbursement requests from the Member States exceed or are likely to exceed the amount referred to in Article 16, the Commission shall:

(a) consider the requests presented by Member States pro rata and within the limit of the available budget, and shall, adopt implementing acts, setting provisionally the amount of the payments for the month concerned;

(b) determine, for all Member States, at the latest by 28 February of financial year N + 1, their situation with regard to Union financing for the financial year N;

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(c) adopt implementing acts setting the total amount of Union financing broken down by Member State, on the basis of a single rate of Union financing, within the limit of the budget which was available for the monthly payments;

(d) effect, at the latest when the monthly payments are made for March of year N+1, any compensation to be carried out with respect to Member States.

The implementing acts provided for in points (a) and (c) of the first subparagraph shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

Article 28

Early-warning and monitoring system

In order to ensure that the budget ceiling referred to in Article 16 is not exceeded, the Commission shall implement a monthly early-warning and monitoring system in respect of EAGF expenditure.

To that end, at the beginning of each financial year, the Commission shall determine monthly expenditure profiles based, where appropriate, on average monthly expenditure during the previous three years.

The Commission shall periodically present to the European Parliament and to the Council a report examining the development of expenditure effected in relation to the profiles and containing an assessment of the forecasted implementation for the current financial year.

Article 29

Reference exchange rates

1. When adopting the draft budget, or a letter of amendment to the draft budget which concerns agricultural expenditure, the Commission shall use for EAGF budget estimates the average euro/US dollar exchange rate recorded on the market during the latest quarter ending at least 20 days before adoption of the budget document by the Commission.

2. When adopting a draft amending and supplementary budget or a letter of amendment thereto, the Commission shall, in so far as those documents concern appropriations relating to the measures referred to in point (a) of Article 4(1), use:

(a) the average euro/US dollar exchange rate actually recorded on the market from 1 August of the previous financial year until the end of the latest quarter ending at least 20 days before adoption of the budget document by the Commission and at the latest on 31 July of the current financial year, and

▼B

(b) the average exchange rate actually recorded during the latest quarter ending at least 20 days before adoption of the budget document by the Commission, as a forecast for the remainder of the financial year.

CHAPTER II

EAFRD

Section 1

General provisions for eafrd

Article 30

No double funding

Expenditure financed under the EAFRD shall not be the subject of any other financing under the Union's budget.

Article 31

Provisions applying to all payments

1. In accordance with Article 77(1) of Regulation (EU) No 1303/2013 payments by the Commission of the EAFRD contribution as referred to in Article 5 of this Regulation shall not exceed the budget commitments.

Those payments shall be assigned to the earliest open budget commitment

2. Article 84 of Regulation (EU, Euratom) No 966/2012 shall apply.

Section 2

Financing of rural development programmes

Article 32

Financial contribution from the EAFRD

The financial contribution from the EAFRD towards expenditure under rural development programmes shall be determined for each programme, within the ceilings established by Union law concerning support for rural development by the EAFRD.

Article 33

Budget commitments

As regards the Union's budget commitments for rural development programmes, Article 76 of Regulation (EU) No 1303/2013 shall apply.

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Section 3

Financial contribution to rural development programmes

Article 34

Provisions applying to payments for rural development programmes

1. The appropriations necessary to finance the expenditure referred to in Article 5 shall be made available to Member States in the form of prefinancing, interim payments and the payment of a balance, as described in this Section.

2. The combined total of prefinancing and interim payments shall not exceed 95 % of the EAFRD's contribution to each rural development programme.

When the ceiling of 95 % is reached, the Member States shall continue transmitting requests for payments to the Commission.

Article 35

Prefinancing arrangements

1. Following its decision to approve the rural development programme, the Commission shall pay an initial prefinancing amount to the Member State for the whole programming period. This initial prefinancing amount shall be paid in instalments as follows:

(a) in 2014: 1 % of the amount of support from the EAFRD for the entire programming period to the programme and 1,5 % of the amount of support from the EAFRD for the entire programming period to the programme, where a Member State has been receiving financial assistance since 2010, either in accordance with Articles 122 and 143 TFEU, or from the European Financial Stability Facility (EFSF), or is receiving financial assistance on 31 December 2013 in accordance with Articles 136 and 143 TFEU;

(b) in 2015: 1 % of the amount of support from the EAFRD for the entire programming period to the programme and 1,5 % of the amount of support from the EAFRD for the entire programming period to the programme where a Member State has been receiving financial assistance since 2010, either in accordance with Articles 122 and 143 TFEU, or from the EFSF, or is receiving financial assistance on 31 December 2014 in accordance with Articles 136 and 143 TFEU;

(c) in 2016: 1 % of the amount of support from the EAFRD for the entire programming period to the programme.

If a rural development programme is adopted in 2015 or later, the earlier instalments shall be paid in the year of such adoption.

2. The total amount paid as prefinancing shall be reimbursed to the Commission if no expenditure is effected and no declaration of expenditure for the rural development programme is sent within 24 months of the date on which the Commission pays the first instalment of the prefinancing amount.

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3. Interest generated on the prefinancing shall be posted to the rural development programme concerned and deducted from the amount of public expenditure indicated on the final declaration of expenditure.

4. The total prefinancing amount shall be cleared in accordance with the procedure referred to in Article 51 of this Regulation before the rural development programme is closed.

Article 36

Interim payments

1. Interim payments shall be made for each rural development programme. They shall be calculated by applying the co-financing rate for each measure to the public expenditure effected pertaining to it as referred to in Article 59 of Regulation (EU) No 1305/2013.

2. Subject to the availability of resources, the Commission shall, taking account of reductions or suspensions applied under Article 41, make interim payments in order to reimburse the expenditure effected by accredited paying agencies in implementing the programmes.

3. Each interim payment shall be made by the Commission, subject to compliance with the following requirements:

(a) transmission to the Commission of a declaration of expenditure signed by the accredited paying agency, in accordance with Article 102(1)(c);

(b) no overrun of the total EAFRD contribution to each measure for the entire period covered by the programme concerned;

(c) transmission to the Commission of the last annual progress report on the implementation of the rural development programme.

4. If one of the requirements laid down in paragraph 3 is not met, the Commission shall forthwith inform the accredited paying agency or the coordinating body, where one has been appointed. If one of the requirements laid down in point (a) or in point (c) of paragraph 3 is not respected, the declaration of expenditure shall be inadmissible.

5. Without prejudice to the application of Articles 51 and 52, the Commission shall make interim payments within 45 days of registering a declaration of expenditure which meets the requirements set out in paragraph 3 of this Article.

6. Accredited paying agencies shall establish and forward to the Commission, either directly or via the intermediary of the coordinating body, where one has been appointed, intermediate declarations of expenditure relating to rural development programmes, within periods to be set by the Commission.

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The Commission shall adopt implementing acts laying down the periods for accredited paying agencies to forward those intermediate declarations of expenditure. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Declarations of expenditure shall cover expenditure that the paying agencies have effected during each of the periods concerned. However, in cases in which expenditure referred to in Article 65(9) of Regulation (EU) No 1303/2013 cannot be declared to the Commission in the period concerned due to pending approval by the Commission of an amendment to the programme, it may be declared in subsequent periods.

Intermediate declarations of expenditure in respect of expenditure effected from 16 October onwards shall be booked to the following year's budget.

7. Article 83 of Regulation (EU) No 1303/2013 shall apply.

Article 37

Payment of the balance and closure of the programme

1. After receiving the last annual progress report on the implementation of a rural development programme, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force, the annual accounts for the last execution year for the relevant rural development programme and of the corresponding clearance decision. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure as referred to in Article 65(2) of Regulation (EU) No 1303/2013 and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.

2. The balance shall be paid no later than six months after the information and documents referred to in paragraph 1 of this Article are considered to be receivable by the Commission and the last annual account has been cleared. Without prejudice to Article 38(5) the amounts still committed after the balance is paid shall be decommitted by the Commission within a period of six months.

3. If, by the time limit set out in paragraph 1, the Commission has not been sent the last annual progress report and the documents needed for clearance of the accounts of the last execution year for the programme the balance shall be automatically decommitted in accordance with Article 38.

Article 38

Automatic decommitment for rural development programmes

1. The Commission shall automatically decommit any portion of a budget commitment for a rural development programme that has not been used for the purpose of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 36(3) has been presented to it in relation to expenditure effected by 31 December of the third year following that of the budget commitment.

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2. The part of budget commitments that is still open on the last eligibility date for expenditure as referred to in Article 65(2) of Regulation (EU) No 1303/2013 for which no declaration of expenditure has been made within six months of that date shall be automatically decommitted.

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3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or paragraph 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 4.

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4. The following shall be disregarded in calculating the automatic decommitment:

(a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 3;

(b) that part of the budget commitments which a paying agency has been unable to disburse for reasons of force majeure seriously affecting the implementation of the rural development programme. National authorities claiming force majeure shall demonstrate the direct consequences on the implementation of all or part of the programme.

By 31 January, the Member State shall send to the Commission information on the exceptions referred to in the first subparagraph concerning the amounts declared by the end of the preceding year.

5. The Commission shall inform Member States in good time if there is a risk of automatic decommitment. It shall inform them of the amount involved as indicated by the information in its possession. The Member States shall have two months from receiving this information to agree to the amount in question or present observations. The Commission shall carry out the automatic decommitment not later than nine months after the last time-limit resulting from the application of paragraphs 1 to 3.

6. In the event of automatic decommitment, the EAFRD contribution to the rural development programme concerned shall be reduced, for the year in question, by the amount automatically decommitted. The Member State shall produce a revised financing plan splitting the reduction of the aid between the measures for approval by the Commission. If it does not do so, the Commission shall reduce the amounts allocated to each measure pro rata.

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CHAPTER III

Common Provisions

Article 39

Agricultural financial year

Without prejudice to special provisions on declarations of expenditure and revenue relating to public intervention laid down by the Commission pursuant to point (a) of Article 46(6), the agricultural financial year shall cover expenditure paid and revenue received and entered in the accounts of the Funds' budget by the paying agencies in respect of financial year "N" beginning on 16 October of year "N-1" and ending on 15 October of year "N".

Article 40

Compliance with payment deadlines

Where payment deadlines are laid down by Union law, any payment made by the paying agencies to the beneficiaries before the earliest possible date of payment and after the latest possible date of payment shall make the payments ineligible for Union financing, except in the cases, conditions and limits to be determined taking into account the principle of proportionality.

In order to make expenditure effected before the earliest possible date of payment or after the latest possible date of payment eligible for Union financing, while limiting the financial impact of doing so, the Commission shall be empowered to adopt delegated acts in accordance with Article 115, derogating from the rule contained in the first paragraph.

Article 41

Reduction and suspension of monthly and interim payments

1. Where the declarations of expenditure or the information referred to in Article 102 enable the Commission to establish that expenditure has been effected by bodies which are not accredited paying agencies, that payment periods or financial ceilings set by Union law have not been respected or that expenditure has otherwise not been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State concerned in the framework of the implementing acts concerning the monthly payments referred to in Article 18(3) or in the framework of the interim payments referred to in Article 36, after giving the Member State an opportunity to submit its comments.

Where the declarations of expenditure or the information referred to in Article 102 do not enable the Commission to establish that the expenditure has been effected in accordance with Union rules, the Commission shall ask the Member State concerned to supply further information and to submit comments within a period which shall not be less than 30 days. If the Member State fails to respond to the Commission request within the period set or if the response is considered unsatisfactory or demonstrates that the expenditure has not

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been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State concerned in the framework of the implementing acts concerning the monthly payments referred to in Article 18(3) or in the framework of the interim payments referred to in Article 36.

2. The Commission may adopt implementing acts, reducing or suspending the monthly or interim payments to a Member State if one or more of the key components of the national control system in question do not exist or are not effective due to the gravity or persistence of the deficiencies found, or if there are similar serious deficiencies in the system for the recovery of irregular payments and if one of the following conditions is met:

(a) the deficiencies referred to in the first subparagraph are of a continuous nature and have been the reason for at least two implementing acts pursuant to Article 52, excluding from Union financing expenditure from the Member State concerned; or

(b) the Commission concludes that the Member State concerned is not in a position to implement in the immediate future the necessary remedial measures in accordance with an action plan with clear progress indicators, to be established in consultation with the Commission.

The reduction or suspension shall be applied to the relevant expenditure effected by the paying agency where the deficiencies exist for a period to be determined in the implementing acts referred to in this paragraph, which shall not exceed twelve months. If the conditions for the reduction or suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding twelve months in total. The reduction and suspension shall not be continued if those conditions are no longer met.

The implementing acts provided for in this paragraph shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

Before adopting the implementing acts referred to in this paragraph, the Commission shall inform the Member State concerned of its intention and shall ask it to react within a period which shall not be less than 30 days.

The implementing acts determining the monthly payments referred to in Article 18(3) or the interim payments referred to in Article 36 shall take account of the implementing acts adopted under this paragraph.

3. Reductions and suspensions under this Article shall be applied in accordance with the principle of proportionality and shall be without prejudice to the application of Articles 51 and 52.

4. Reductions and suspensions under this Article shall be without prejudice to Articles 19, 22 and 23 of Regulation (EU) No 1303/2013.

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The suspensions referred to in Articles 19 and 22 of Regulation (EU) No 1303/2013 shall be in accordance with the procedure laid down in paragraph 2 of this Article.

Article 42

Suspension of payments in the case of late submission

Where sectoral agricultural legislation requires Member States to submit, within a specific period of time, information on the number of checks carried out under Article 59 and their outcomes and where the Member States overrun that period, the Commission may suspend the monthly payments referred to in Article 18 or the interim payments referred to in Article 36 provided that the Commission has made available to the Member States in good time prior to the start of the reference period all the information, forms and explanations they need to compile the relevant statistics. The amount to be suspended shall not exceed 1,5 % of the expenditure for which the relevant statistical information has not been sent in time. In applying the suspension, the Commission shall act in accordance with the principle of proportionality, taking account of the extent of the delay. In particular, account shall be taken of whether the late submission of information places the annual budget discharge mechanism at risk. Before suspending the monthly payments the Commission shall notify the Member State concerned in writing. The Commission shall reimburse the suspended amounts when it receives the statistical information from the Member States concerned, provided that the date of receipt is not later than 31 January of the following year.

Article 43

Assignment of revenue

1. The following shall be "assigned revenue" within the meaning of Article 21 of Regulation (EU, Euratom) No 966/2012

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(a) sums which under Articles 40, 52 and 54 and, as regards expenditure under the EAGF, under Article 41(2) and Article 51 must be paid to the Union's budget, including interest thereon;

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(b) sums which are collected or recovered under Section III of Chapter III of Title I of Part II of Regulation (EC) No 1234/2007;

(c) sums which have been collected as a consequence of penalties in accordance with the specific rules laid down in Union sectoral agricultural legislation, save if that legislation explicitly provides that those amounts may be retained by the Member States;

(d) amounts corresponding to penalties applied in accordance with the rules on cross-compliance laid down in Chapter II of Title VI, as regards expenditure under EAGF;

(e) any security, deposit or guarantee furnished pursuant to Union law adopted within the framework of the CAP, excluding rural development, and subsequently forfeited. However, forfeited securities lodged when issuing export or import licences or under a tendering procedure for the sole purpose of ensuring that tenderers submit genuine tenders shall be retained by the Member States.

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2. The sums referred to in paragraph 1 shall be paid to the Union's budget and, in the event of reuse, shall be used exclusively to finance EAGF or EAFRD expenditure.

3. This Regulation shall apply mutatis mutandis to assigned revenue referred to in paragraph 1.

4. As regards the EAGF, Articles 170 and 171 of Regulation (EU, Euratom) No 966/2012 shall apply mutatis mutandis to the keeping of accounts on assigned revenue referred to in this Regulation.

Article 44

Keeping of separate accounts

Each paying agency shall keep a set of separate accounts for the appropriations entered in the Union's budget for the Funds.

Article 45

Information measures

1. The provision of information financed pursuant to point (e) of Article 6 shall aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives to reinstate consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote the European model of agriculture, as well as to help citizens understand it.

It shall supply coherent, objective and comprehensive information, both inside and outside the Union, in order to give an accurate overall picture of the CAP.

2. The measures referred to in paragraph 1 may consist of:

(a) annual work programmes or other specific measures presented by third parties;

(b) activities implemented on the initiative of the Commission.

Those measures which are required by law or those measures already receiving financing under another Union action shall be excluded.

In order to implement activities as referred to in point (b) the Commission may be assisted by external experts.

The measures referred to in the first subparagraph shall also contribute to the corporate communication of the Union's political priorities in so far as those priorities are related to the general objectives of this Regulation.

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3. By 31 October of each year, the Commission shall publish a call of proposal respecting the conditions set out in Regulation (EU, Euratom) No 966/2012.

4. The Committee referred to in Article 116(1) shall be notified of measures envisaged and taken pursuant to this Article.

5. The Commission shall present a report on the implementation of this Article to the European Parliament and the Council every two years.

Article 46

Commission powers

1. In order to take account of revenue collected by paying agencies for the Union's budget when making payments on the basis of the expenditure declarations submitted by Member States, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning the conditions under which certain types of expenditure and revenue under the Funds are to be compensated.

2. In order to enable the equitable distribution of the appropriations available between the Member States, if the Union's budget has not been adopted by the beginning of the financial year or if the total amount of the commitments scheduled exceeds the threshold laid down in Article 170(3) of Regulation (EU, Euratom) No 966/2012, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 of this Regulation concerning the method applicable to the commitments and the payment of the amounts.

3. In order to verify the consistency of the data notified by the Member States in relation to the expenditure or other information provided for in this Regulation, the Commission shall be empowered, in the case of non-compliance with the obligation to notify the Commission pursuant to Article 102, to adopt delegated acts in accordance with Article 115 on the deferral of monthly payments to Member States referred to in Article 42 with regard to expenditure under the EAGF and laying down the conditions under which it will reduce or suspend interim payments to Member States under the EAFRD referred to in that Article.

4. When applying Article 42 in order to ensure that principle of proportionality is respected, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 pertaining to rules on:

(a) the list of measures which fall under Article 42;

(b) the rate of suspension of payments referred to in that Article.

5. The Commission may adopt implementing acts laying down further rules on the obligation laid down in Article 44 as well as the specific conditions applying to the information to be booked in the accounts kept by the paying agencies. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

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6. The Commission may adopt implementing acts laying down rules on:

(a) the financing and accounting of intervention measures in the form of public storage, and other expenditure financed by the Funds;

(b) the terms and conditions governing the implementation of the automatic decommitment procedure;

(c) the procedure and other practical arrangements for the proper functioning of the mechanism provided for in Article 42.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

CHAPTER IV

Clearance of accounts

Section I

General provisions

Article 47

On-the-spot checks by the Commission

1. Without prejudice to the checks carried out by Member States under national law, regulations and administrative provisions or Article 287 TFEU or to any check organised under Article 322 TFEU or based on Council Regulation (Euratom, EC) No 2185/96 ([1]), the Commission may organise on-the-spot checks in Member States with a view to verifying in particular:

(a) compliance of administrative practices with Union rules;

(b) the existence of the requisite supporting documents and their correlation with the operations financed by the EAGF or the EAFRD;

(c) the terms on which the operations financed by the EAGF or the EAFRD were undertaken and checked.

(d) whether a paying agency complies with the accreditation criteria laid down in Article 7(2) and whether the Member State correctly applies the provisions of Article 7(5).

Persons authorised by the Commission to carry out on-the-spot checks on its behalf, or Commission agents acting within the scope of the powers conferred on them, shall have access to the books and all other documents, including documents and metadata drawn up or received and recorded on an electronic medium, relating to expenditure financed by the EAGF or the EAFRD.

([1]) Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 5.11.1996, p. 2).

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The powers to carry out on-the-spot checks shall not affect the application of national provisions which reserve certain acts for agents specifically designated by national law. Without prejudice to the specific provisions of Regulation (EU, Euratom) No 883/2013 ([1]) of the European Parliament and of the Council and Regulation (Euratom, EC) No 2185/96, persons authorised by the Commission to act on its behalf shall not take part, inter alia, in home visits or the formal questioning of persons on the basis of law of the Member State concerned. However, they shall have access to information thus obtained.

2. The Commission shall give sufficient prior notice of an on-the-spot check to the Member State concerned or to the Member State within whose territory the check is to take place, taking into account the administrative impact on paying agencies when organising checks. Agents from the Member State concerned may take part in such checks.

At the request of the Commission and with the agreement of the Member State, additional checks or inquiries into the operations covered by this Regulation shall be undertaken by the competent bodies of that Member State. Commission agents or persons authorised by the Commission to act on its behalf may take part in such checks.

In order to improve checks, the Commission may, with the agreement of the Member States concerned, request the assistance of the authorities of those Member States for certain checks or inquiries.

Article 48

Access to information

1. Member States shall make available to the Commission all information necessary for the smooth operation of the Funds and shall take all appropriate measures to facilitate the checks which the Commission deems appropriate in connection with the management of Union financing, including on-the-spot checks.

2. Member States shall communicate to the Commission at its request the laws, regulations and administrative provisions which they have adopted in order to implement the Union legal acts relating to the CAP, where those acts have a financial impact on the EAGF or the EAFRD.

3. Member States shall make available to the Commission information about irregularities and suspected fraud cases detected, as well as information about the steps taken pursuant to Section III of this Chapter to recover undue payments in connection with those irregularities and frauds.

([1]) Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

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Article 49

Access to documents

The accredited paying agencies shall keep supporting documents relating to payments made and documents relating to the performance of the administrative and physical checks required by Union law, and shall make the documents and information available to the Commission. Those supporting documents may be kept in electronic form under the conditions laid down by the Commission on the basis of Article 50(2).

Where those documents are kept by an authority acting under delegation from a paying agency and responsible for authorising expenditure, that authority shall send reports to the accredited paying agency on the number of checks made, their content and the measures taken in the light of their results.

Article 50

Commission powers

1. In order to ensure the correct and efficient application of the provisions relating to on-the-spot checks and access to documents and information set out in this Chapter, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 supplementing specific obligations to be complied with by the Member States under this Chapter.

2. The Commission may adopt implementing acts laying down rules on:

(a) the procedures relating to the specific obligations which the Member States have to comply with in relation to the checks provided for in this Chapter;

(b) the procedures relating to the cooperation obligations to be complied with by the Member States for the implementation of Articles 47 and 48;

(c) the procedures and other practical arrangements relating to the reporting obligation referred to in Article 48(3);

(d) the conditions under which the supporting documents referred to in Article 49 are to be kept, including their form and the time period of their storage.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Section II

Clearance

Article 51

Clearance of accounts

Prior to 31 May of the year following the budget year in question and on the basis of the information transmitted in accordance with point (c) of Article 102(1), the Commission shall adopt implementing acts, containing its decision on the clearance of the accounts of the accredited

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paying agencies. Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of decisions subsequently adopted pursuant to Article 52.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

Article 52

Conformity clearance

1. Where it finds that expenditure falling within the scope of Article 4(1) and Article 5 has not been effected in conformity with Union law and, in respect of the EAFRD, has not been effected in conformity with the applicable Union and national law referred to in Article 85 of Regulation (EU) No 1303/2013, the Commission shall adopt implementing acts determining the amounts to be excluded from Union financing. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the non-conformity recorded. It shall take due account of the nature of the infringement and of the financial damage caused to the Union. It shall base the exclusion on the identification of amounts unduly spent and, where these cannot be identified with proportionate effort, may apply extrapolated or flat-rate corrections. Flat-rate corrections shall only be applied where, due to the nature of the case or because the Member State has not provided the Commission with the necessary information, it is not possible with proportionate effort to identify more precisely the financial damage caused to the Union.

3. Before the adoption of any decision to refuse financing, the findings from the Commission's inspection and the Member State's replies shall be notified in writing, following which the two parties shall attempt to reach agreement on the action to be taken. At that point in the procedure the Member States shall be given the opportunity to demonstrate that the actual extent of the non-compliance is less than in the Commission's assessment.

If agreement is not reached, the Member State may request the opening of a procedure aimed at reconciling, within a period of four months, each party's position. A report of the outcome of the procedure shall be submitted to the Commission. The Commission shall take into account the recommendations in the report before deciding on any refusal of financing and shall give reasons if it decides not to follow those recommendations.

4. Financing may not be refused for:

(a) expenditure as indicated in Article 4(1) which is effected more than 24 months before the Commission notifies the Member State in writing of its inspection findings;

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(b) expenditure on multiannual measures falling within the scope of Article 4(1) or within the scope of the programmes as indicated in Article 5, where the final obligation on the recipient occurs more than 24 months before the Commission notifies the Member State in writing of its inspection findings;

(c) expenditure on measures in programmes, as indicated in Article 5, other than those referred to in point (b) of this paragraph, for which the payment or, as the case may be, the final payment, by the paying agency, is made more than 24 months before the Commission notifies the Member State in writing of its inspection findings.

5. Paragraph 4 shall not apply in the case of:

(a) irregularities covered by Section III of this Chapter;

(b) national aids for which the Commission has initiated the procedure laid down in Article 108(2) TFEU or infringements which the Commission has notified to the Member State concerned by a letter of formal notice in accordance with Article 258 TFEU;

(c) infringements by Member States of their obligations under Chapter III of Title V of this Regulation, provided that the Commission notifies the Member State in writing of its inspection findings within 12 months following receipt of the Member State's report on the results of its checks on the expenditure concerned.

Article 53

Commission powers

1. The Commission shall adopt implementing acts laying down rules on:

(a) the clearance of accounts provided for in Article 51 with regard to the measures to be taken in connection with the adoption of the decision and its implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected;

(b) the conformity clearance provided for in Article 52 with regard to the measures to be taken in connection with the adoption of the decision and its implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected as well as the conciliation procedure provided for in that Article, including the establishment, tasks, composition and working arrangements of the conciliation body.

2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

3. In order to enable the Commission to protect the financial interest of the Union and to ensure the provisions relating to the conformity clearance provided for in Article 52 are applied efficiently, the Commission shall be empowered to adopt delegated acts in accordance with Article 115, concerning the criteria and methodology for applying corrections.

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Section III

Irregularities

Article 54

Common Provisions

1. For any undue payment following the occurrence of irregularity or negligence, Member States shall request recovery from the beneficiary within 18 months after the approval and, where applicable, reception, by the paying agency or body responsible for the recovery, of a control report or similar document, stating that an irregularity has taken place. The corresponding amounts shall be recorded at the time of the recovery request in the debtors' ledger of the paying agency.

2. If recovery has not taken place within four years from the date of the recovery request, or within eight years where recovery is taken in the national courts, 50 % of the financial consequences of the non-recovery shall be borne by the Member State concerned and 50 % by the Union's budget, without prejudice to the requirement that the Member State concerned must pursue recovery procedures in compliance with Article 58.

Where, in the context of the recovery procedure, the absence of any irregularity is recorded by an administrative or legal instrument of a final nature, the Member State concerned shall declare as expenditure to the Funds the financial burden borne by it under the first subparagraph.

However, if for reasons not attributable to the Member State concerned, it is not possible for recovery to take place within the time limit specified in the first subparagraph, and the amount to be recovered exceeds EUR 1 million, the Commission may, at the request of the Member State, extend the time-limit by a period of up to half of the original period.

3. On duly justified grounds, Member States may decide not to pursue recovery. A decision to this effect may be taken only in the following cases:

(a) where the costs already and likely to be effected total more than the amount to be recovered, which condition shall be considered to have been met if:

(i) the amount to be recovered from the beneficiary in the context of an individual payment for an aid scheme or support measure, not including interest, does not exceed EUR 100; or

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(ii) the amount to be recovered from the beneficiary in the context of an individual payment for an aid scheme or support measure, not including interest, falls between EUR 100 and EUR 250 and the Member State concerned applies a threshold equal to or higher than the amount to be recovered under its national law for not pursuing national debts.

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(b) where recovery proves impossible owing to the insolvency, recorded and recognised under national law, of the debtor or the persons legally responsible for the irregularity.

Where the decision referred to in the first subparagraph of this paragraph is taken before the outstanding amount has been subject to the rules referred to in paragraph 2, the financial consequence of non-recovery shall be borne by the Union's budget.

4. Member States shall enter in the annual accounts to be sent to the Commission under point (c)(iv) of Article 102(1) the amounts to be borne by them under paragraph 2 of this Article. The Commission shall check that this has been done and make any adjustments needed in the implementing act referred to in Article 51.

5. The Commission may, provided that the procedure laid down in Article 52(3) has been followed, adopt, implementing acts, excluding from Union financing sums charged to the Union's budget in the following cases:

(a) if the Member State has not respected the time limits referred to in paragraph 1;

(b) if it considers that the decision not to pursue recovery taken by a Member State pursuant to paragraph 3 is not justified;

(c) if it considers that an irregularity or lack of recovery is the outcome of irregularity or negligence attributable to the administrative authorities or another official body of the Member State.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 116(2).

Article 55

Provisions specific to the EAGF

Sums recovered following the occurrence of irregularity or negligence and the interest thereon shall be made over to the paying agency and booked by it as revenue assigned to the EAGF in the month in which the money is actually received.

When the Union's budget is credited as referred to in the first paragraph, the Member State may retain 20 % of the corresponding amounts as flat rate recovery costs, except in cases of irregularity or negligence attributable to its administrative authorities or other official bodies.

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Article 56

Provisions specific to the EAFRD

Where irregularities or negligence are detected in rural development operations or programmes, Member States shall make financial adjustments by totally or partially cancelling the Union financing concerned. Member States shall take into consideration the nature and gravity of the irregularities detected and the level of the financial loss to the EAFRD.

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, as well as the interest thereon, shall be reallocated to the programme concerned. However, the cancelled or recovered Union funds may be reused by Member States only for an operation under the same rural development programme and provided the funds are not reallocated to operations which have been the subject of a financial adjustment. After the closure of a rural development programme, the Member State shall refund the sums recovered to the Union's budget.

Article 57

Commission powers

1. In order to ensure correct and efficient application of the provisions relating to the conditions for the recovery of undue payments and interest thereon, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning specific obligations to be complied with by the Member States.

2. The Commission shall adopt implementing acts laying down rules on:

(a) the procedures for the recovery of undue payments and interest as set out in this Section and for keeping the Commission apprised of pending recoveries;

(b) the forms of notification and communication to be made by the Member States to the Commission in relation to the obligations set out in this Section.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

TITLE V

CONTROL SYSTEMS AND PENALTIES

CHAPTER I

General rules

Article 58

Protection of the financial interests of the Union

1. Member States shall, within the framework of the CAP, adopt all legislative, regulatory and administrative provisions and take any other measures necessary to ensure effective protection of the financial interests of the Union, in particular to:

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(a) check the legality and regularity of operations financed by the Funds;

(b) ensure effective prevention against fraud, especially in areas with a higher level of risk, and which will act as a deterrent, having regard to the costs and benefits as well as the proportionality of the measures;

(c) prevent, detect and correct irregularities and fraud;

(d) impose penalties which are effective, dissuasive and proportionate in accordance with Union law, or failing this, national law, and bring legal proceedings to that effect, as necessary;

(e) recover undue payments plus interest, and bring legal proceedings to that effect as necessary.

2. Member States shall set up efficient management and control systems in order to ensure compliance with the legislation governing Union support schemes aimed at minimising the risk of financial damage to the Union.

3. Member States shall inform the Commission of the provisions adopted and measures taken under paragraphs 1 and 2.

Any conditions established by Member States to supplement the conditions laid down by Union rules for receiving support financed by the EAGF or the EAFRD shall be verifiable.

4. The Commission may adopt implementing acts, laying down rules necessary for the uniform application of this Article relating to the following:

(a) the procedures, deadlines, exchange of information in relation to the obligations as set out in paragraphs 1 and 2;

(b) the notification and communication to be made by the Member States to the Commission in relation to the obligation set out in paragraph 3.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 59

General principles of checks

1. Except where otherwise provided, the system set up by the Member States in accordance with Article 58(2) shall include systematic administrative checking of all aid applications and payment claims. That system shall be supplemented by on-the-spot checks.

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2. As regards the on-the-spot checks, the authority responsible shall draw its check sample from the entire population of applicants comprising, where appropriate, a random part in order to obtain a representative error rate and a risk-based part, which shall target the areas where the risk of errors is the highest.

3. The authority responsible shall draw up a report on each on-the-spot check.

4. Where appropriate, all on-the-spot checks provided for in Union rules regarding agricultural aid and rural development support shall be carried out at the same time.

5. Member States shall ensure a minimum level of on-the-spot checks needed for an effective management of the risks, and shall increase that minimum level where necessary. Member States may reduce that minimum level where the management and control systems function properly and the error rates remain at an acceptable level.

6. In cases to be provided for by the Commission on the basis of point (h) of Article 62(2), aid applications and payment claims or any other communications, claims or requests may be corrected and adjusted after their submission in cases of obvious errors recognised by the competent authority.

7. An aid application or payment claim shall be rejected if the beneficiary or his representative prevents an on-the-spot check from being carried out, except in cases of force majeure or in exceptional circumstances.

Article 60

Circumvention clause

Without prejudice to specific provisions, no advantage provided for under sectoral agricultural legislation shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of that legislation.

Article 61

Compatibility of support schemes for the purposes of checks in the wine sector

For the purposes of applying the support schemes in the wine sector as referred to in Regulation (EU) No 1308/2013, Member States shall ensure that the administration and control procedures applied to those schemes are compatible with the integrated system referred to in Chapter II of this Title as regards the following elements:

(a) the computerised database;

(b) the identification systems for agricultural parcels;

(c) the administrative checks.

The procedures shall allow a common functioning or the exchange of data with the integrated system.

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Article 62

Commission powers as regards checks

1. In order to ensure that the checks are carried out correctly and efficiently and that the eligibility conditions are verified in an efficient, coherent and non-discriminatory manner which protects the financial interest of the Union, the Commission shall be empowered to adopt delegated acts in accordance with Article 115, laying down, where the proper management of the system so requires, additional requirements with respect to customs procedures, and in particular to those laid down in Regulation (EC) No 952/2013 of the European Parliament and of the Council ([1]).

2. The Commission shall adopt implementing acts, laying down rules necessary for the uniform application of this Chapter, and in particular:

(a) rules on administrative and on-the-spot checks to be conducted by the Member States with regard to the respect of obligations, commitments and eligibility criteria resulting from the application of Union law;

(b) rules on the minimum level of on-the-spot checks and on the obligation to increase it or the possibility of reducing it as set out in Article 59(5);

(c) the rules and methods applicable to the reporting of the checks and verifications carried out and their results;

(d) the authorities responsible for performing the checks for compliance as well as to the content, the frequency and the marketing stage to which those checks are to apply;

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(e) with regard to hemp as referred to in Article 32 of Regulation (EU) No 1307/2013, rules on the specific control measures and methods for determining tetrahydrocannabinol levels;

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(f) with regard to cotton as referred to in Article 56 of Regulation (EU) No 1307/2013, a system for checks of the approved interbranch organisations;

(g) with regard to wine as referred to in Regulation (EU) No 1308/2013, rules on the measurement of areas, on checks and on rules governing the specific financial procedures for the improvement of checks;

(h) the cases in which aid applications and payments claims or any other communications, claims or requests may be corrected and adjusted after their submission, as referred to in Article 59(6);

(i) the tests and methods to be applied in order to establish the eligibility of products for public intervention and private storage, as well as the use of tendering procedures, both for public intervention and for private storage.

([1]) Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

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Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 63

Undue payments and administrative penalties

1. Where it is found that a beneficiary does not comply with the eligibility criteria, commitments or other obligations relating to the conditions for the granting of the aid or support, as provided for in the sectoral agricultural legislation, the aid shall not be paid or shall be withdrawn in full or in part and, where relevant, the corresponding payment entitlements as referred to in Article 21 of Regulation (EU) No 1307/2013 shall not be allocated or shall be withdrawn.

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Where the non-compliance concerns national or Union rules on public procurement, the part of the aid not to be paid or to be withdrawn shall be determined on the basis of the gravity of the non-compliance and in accordance with the principle of proportionality. The legality and regularity of the transaction shall only be affected up to the level of the part of the aid not to be paid or to be withdrawn.

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2. Moreover, where sectoral agricultural legislation so provides, Member States shall also impose administrative penalties, in accordance with the rules laid down in Article 64 and Article 77. This shall be without prejudice to the provisions set out in Articles 91 to 101 of Title VI.

3. Without prejudice to Article 54(3), the amounts, including interest thereon, and payment entitlements, concerned by the withdrawal referred to in paragraph 1 and by the penalties referred to in paragraph 2 shall be recovered.

4. The Commission shall adopt delegated acts in accordance with Article 115 laying down the conditions for the partial or total withdrawal referred to in paragraph 1.

5. The Commission shall adopt implementing acts laying down detailed procedural and technical rules on:

(a) the application and calculation of the partial or total withdrawal referred to in paragraph 1;

(b) the recovery of undue payments and penalties as well as in respect of unduly allocated payment entitlements and the application of interest.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 64

Application of administrative penalties

1. As regards the administrative penalties referred to in Article 63(2), this Article shall apply in cases of non-compliance in relation to eligibility criteria, commitments or other obligations resulting from the application of sectoral agricultural legislation, with the exception of those referred to in Articles 67 to 78 of Chapter II of this Title and in Articles 91 to 101 of Title VI and of those subject to the penalties provided for in Article 89(3) and 89(4).

2. No administrative penalties shall be imposed:

(a) where the non-compliance is due to force majeure;

(b) where the non-compliance is due to obvious errors as referred to in Article 59(6);

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(c) where the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the person concerned by the administrative penalty;

(d) where the person concerned can demonstrate to the satisfaction of the competent authority that he or she is not at fault for the non-compliance with the obligations referred to in paragraph 1 or if the competent authority is otherwise satisfied that the person concerned is not at fault;

(e) where the non-compliance is of a minor nature, including where expressed in the form of a threshold, to be set by the Commission in accordance with point (b) of paragraph 7;

(f) other cases in which the imposition of a penalty is not appropriate, to be defined by the Commission in accordance with point (b) of paragraph 6.

3. Administrative penalties may be imposed on the beneficiary of the aid or support and on other natural or legal persons, including groups or associations of such beneficiaries or other persons, bound by the obligations laid down in the rules referred to in paragraph 1.

4. The administrative penalties may take one of the following forms:

(a) a reduction in the amount of aid or support to be paid in relation to the aid application or payment claim affected by the non-compliance or further applications; however as regards rural development support, this shall be without prejudice to the possibility of suspending the support where it can be expected that the non-compliance can be addressed by the beneficiary within a reasonable time;

(b) payment of an amount calculated on the basis of the quantity and/or the period concerned by the non-compliance;

(c) suspension or withdrawal of an approval, recognition or authorisation;

(d) exclusion from the right to participate in or benefit from the aid scheme or support measure or other measure concerned;

5. The administrative penalties shall be proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found, and shall respect the following limits:

(a) the amount of the administrative penalty as referred to in point (a) of paragraph 4 shall not exceed 200 % of the amount of the aid application or payment claim;

(b) notwithstanding point (a), as regards rural development, the amount of the administrative penalty, as referred to in point (a) of paragraph 4, shall not exceed 100 % of the eligible amount;

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(c) the amount of the administrative penalty, as referred to in point (b) of paragraph 4, shall not exceed an amount comparable to the percentage referred to in point (a) of this paragraph;

(d) the suspension, withdrawal or exclusion referred to in points (c) and (d) of paragraph 4 may be set at a maximum of three consecutive years which may be renewed in the case of any new non-compliance.

6. In order to take account of the deterrent effect of charges and penalties to be imposed on the one hand, and the special characteristics of each aid scheme or support measure covered by sectoral agricultural legislation on the other hand, the Commission shall be empowered to adopt delegated acts in accordance with Article 115:

(a) identifying, for each aid scheme or support measure and person concerned as referred to in paragraph 3, from the list set out in paragraph 4 and within the limits laid down in paragraph 5, the administrative penalty and determining the specific rate to be imposed by Member States including in cases of non-quantifiable non-compliance;

(b) identifying the cases in which the administrative penalties are not to be imposed, as referred to in point (f) of paragraph 2.

7. The Commission shall adopt implementing acts, laying down detailed procedural and technical rules for the uniform application of this Article on:

(a) the application and calculation of the administrative penalties;

(b) the detailed rules for identifying a non-compliance as minor, including the setting of a quantitative threshold expressed as a nominal value or a percentage of the eligible amount of aid or support, which as regards rural development support shall not be less than 3 % and which as regards all other aid or support shall not be less than 1 %;

(c) the rules identifying the cases in which, due to the nature of the penalties, Member States may retain the penalties recovered.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 65

Suspension of payments to the Member States in specific cases covered by Regulation (EU) No 1308/2013

1. Where Regulation (EU) No 1308/2013 requires Member States to submit, within a set period, specific information and the Member States fail to send that information within that period or at all, or send incorrect information, the Commission may suspend the monthly payments referred to in Article 18 provided that the Commission has

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made available to the Member States in good time the information, forms and explanations needed. The amount to be suspended shall relate to the expenditure for the market measures for which the required information was not sent or was not sent in time or is incorrect.

2. In order to ensure the respect of the proportionality principle when applying paragraph 1, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning the market measures falling under the suspension and the rate and period of suspension of payments referred to in paragraph 1.

3. The Commission shall adopt implementing acts laying down detailed rules on the procedure and other practical arrangements for the proper functioning of the suspension of monthly payments referred to in the paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 66

Securities

1. The Member States shall, when the sectoral agricultural legislation so provides, request the lodging of a security giving the assurance that a sum of money will be paid or forfeited to a competent authority if a particular obligation under sectoral agricultural legislation is not fulfilled.

2. Except in cases of force majeure, the security shall be forfeited in whole or in part where the execution of a particular obligation is not carried out, or is carried out only partially.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 115 laying down rules which ensure a non discriminatory treatment, equity and the respect of proportionality when lodging a security, and:

(a) specifying the responsible party in the event that an obligation is not met;

(b) laying down the specific situations in which the competent authority may waive the requirement of a security;

(c) laying down the conditions applying to the security to be lodged and the guarantor and the conditions for lodging and releasing that security;

(d) laying down the specific conditions related to the security lodged in connection with advance payments;

(e) setting out the consequences of breaching the obligations for which a security has been lodged, as provided for in paragraph 1, including the forfeiting of securities, the rate of reduction to be applied on release of securities for refunds, licences, offers, tenders or specific applications and when an obligation covered by that security has not been met either wholly or in part, taking into account the nature of the obligation, the quantity for which the

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obligation has been breached, the period exceeding the time limit by which the obligation should have been met and the time by which evidence that the obligation has been met is produced.

4. The Commission may adopt implementing acts laying down rules on:

(a) the form of the security to be lodged and the procedure for lodging the security, for accepting it, and for replacing the original security;

(b) the procedures for the release of a security;

(c) the notifications to be made by Member States and by the Commission.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

CHAPTER II

Integrated Administration and Control System

Article 67

Scope and terms used

1. Each Member State shall set up and operate an integrated administration and control system (the 'integrated system').

2. The integrated system shall apply to the support schemes listed in Annex I of Regulation (EU) No 1307/2013 and to the support granted in accordance with points (a) and (b) of Article 21(1) and Articles 28 to 31, 33, 34 and 40 of Regulation 1305/2013 and where applicable points (b) and (c) of Article 35(1) of Regulation (EU) 1303/2013.

This Chapter shall not, however, apply to measures referred to in Article 28(9) of Regulation (EU) No 1305/2013. Nor shall it apply to, measures under points (a) and (b) of Article 21(1) of that Regulation as far as the establishment cost is concerned.

3. To the extent necessary, the integrated system shall also apply to the control of cross-compliance as laid down in Title VI.

4. For the purpose of this Chapter:

(a) "agricultural parcel" means a continuous area of land, declared by one farmer, which does not cover more than one single crop group; however, where a separate declaration of the use of an area within a

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crop group is required in the context of Regulation (EU) No 1307/2013, that specific use shall if necessary further limit the agricultural parcel; Member States may lay down additional criteria for further delimitation of an agricultural parcel;

(b) ►C1 "area-related direct payment" means the basic payment scheme; the single area payment scheme and the redistributive payment referred to in Chapters 1 and 2 of Title III of Regulation (EU) No 1307/2013; ◄ the payment for agricultural practices beneficial for the climate and the environment referred to in Chapter 3 of Title III of Regulation (EU) No 1307/2013; the payment for areas with natural constraints referred to in Chapter 4 of Title III of Regulation (EU) No 1307/2013; the payment for young farmers referred to in Chapter 5 of Title III of Regulation (EU) No 1307/2013; the voluntary coupled support referred to in Chapter 1 of Title IV, where the support is paid per hectare; the crop specific payment for cotton referred to in Chapter 2 of Title IV; the small farmers scheme as referred to in Title V of Regulation (EU) No 1307/2013; specific measures for agriculture in the outermost regions of the Union as referred to in Chapter IV of Regulation (EU) No 228/2013 of the European Parliament and of the Council [1], where support is paid per hectare; and specific measures for agriculture in favour of the smaller Aegean islands as referred to in Chapter IV of Regulation (EU) No 229/2013 of the European Parliament and of the Council [2], where the support is paid per hectare.

Article 68

Elements of the integrated system

1. The integrated system shall comprise the following elements:

(a) a computerised database;

(b) an identification system for agricultural parcels;

(c) a system for the identification and registration of payment entitlements;

(d) aid applications and payment claims;

(e) an integrated control system;

(f) a single system to record the identity of each beneficiary of the support referred to in Article 67(2) who submits an aid application or a payment claim.

[1] Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 (OJ L 78, 20.3.2013, p. 23).

[2] Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006 (OJ L 78, 20.3.2013, p. 41).

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2. Where applicable, the integrated system shall include a system, set up in accordance with Regulation (EC) No 1760/2000 of the European Parliament and of the Council [1] and Council Regulation (EC) No 21/2004 [2] for the identification and registration of animals.

3. Without prejudice to the responsibilities of the Member States for the implementation and application of the integrated system, the Commission may seek the assistance of specialised bodies or persons in order to facilitate the establishment, monitoring and operation of the integrated system, in particular, with a view to providing the competent authorities of the Member States with technical advice, should they request it.

4. Member States shall take all further measures required for the proper application of the integrated system and shall give one another the mutual assistance needed for the purposes of the checks required under this Regulation.

Article 69

Computerised database

1. The computerised database ("the database") shall record, for each beneficiary of the support referred to in Article 67(2), the data obtained from aid applications and payment claims.

The database shall, in particular, allow consultation through the competent authority of the Member State, of the data relating to the current calendar and/or marketing years and to the previous ten such years. Where the support level of farmers is affected by the data relating to earlier calendar and/or marketing years, starting with 2000, the database shall also allow consultation of the data relating to those years. The database shall also allow direct and immediate consultation of the data relating to at least the previous four consecutive calendar years and for data related to "permanent pasture" as defined in point (c) of Article 2 of Commission Regulation (EC) No 1120/2009 [3] in its original version and, for periods as from its date of application, "permanent grassland and permanent pasture" as defined in point (h) of Article 4(1) of Regulation (EU) No 1307/2013, relating to at least the previous five consecutive calendar years.

By way of derogation from the second subparagraph, the Member States which acceded to the Union in or after 2004, shall only be required to ensure consultation of the data as from the year of their accession.

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[1] Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p. 1).

[2] Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC (OJ L 5, 9.1.2004, p. 8).

[3] Commission Regulation (EC) No 1120/2009 of 29 October 2009 laying down detailed rules for the implementation of the single payment scheme provided for in Title III of Council Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers (OJ L 316, 2.12.2009, p. 1).

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2. Member States may set up decentralised databases on condition that these, and the administrative procedures for recording and accessing data, are designed to be homogeneous throughout the territory of the Member State and are compatible with one another in order to allow for cross-checks.

Article 70

Identification system for agricultural parcels

1. The identification system for agricultural parcels shall be established on the basis of maps, land registry documents or other cartographic references. Use shall be made of computerised geographical information system techniques, including aerial or spatial orthoimagery, with a homogenous standard that guarantees a level of accuracy that is at least equivalent to that of cartography at a scale of 1:10 000 and, as from 2016, at a scale of 1:5 000, while taking into account the outline and condition of the parcel. This shall be fixed in accordance with existing Union standards.

Notwithstanding the first subparagraph, Member States may continue to make use of such techniques including aerial or spatial orthoimagery, with a homogenous standard that guarantees a level of accuracy that is at least equivalent to that of cartography at a scale of 1:10 000 where they were acquired on the basis of long-term contracts that were agreed before November 2012.

2. Member States shall ensure that the identification system for agricultural parcels contains a reference layer to accommodate ecological focus areas. That reference layer shall, in particular, cover the relevant specific commitments and/or environmental certification schemes referred to in Article 43(3) of Regulation (EU) No 1307/2013 that are equivalent to the practices in Article 46 of that Regulation before the application forms referred to in Article 72 of this Regulation for payments for agricultural practices beneficial for the climate and the environment referred to in Articles 43 to 46 of Regulation (EU) No 1307/2013 are provided in respect of claim year 2018 at the latest.

Article 71

System for the identification and registration of payment entitlements

1. The system for the identification and registration of payment entitlements shall allow for verification of the entitlements and for cross-checks with the aid applications and the identification system for agricultural parcels.

2. The system referred to in paragraph 1 shall allow direct and immediate consultation, through the competent authority of the Member State, of the data relating to at least the previous four consecutive calendar years.

Article 72

Aid applications and payment claims

1. Each year, a beneficiary of the support referred to in Article 67(2) shall submit an application for direct payments or a payment claim for the relevant area and animal-related rural development measures respectively indicating, where applicable:

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(a) all the agricultural parcels on the holding, as well as the non-agricultural area for which support referred to in Article 67(2) is claimed;

(b) the payment entitlements declared for activation;

(c) any other information provided for in this Regulation or required with a view to the implementation of the relevant sectoral agricultural legislation or by the Member State concerned.

As regards the area-related direct payment, each Member State shall determine the minimum size of agricultural parcels in respect of which an application may be made. However, the minimum size shall not exceed 0,3 ha.

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2. By way of derogation from point (a) of paragraph 1 of this Article, Member States may decide that:

(a) agricultural parcels of an area of up to 0,1 ha on which an application for payment is not made do not need to be declared, provided that the sum of such parcels does not exceed 1 ha, and/or may decide that a farmer who does not apply for any area-based direct payment does not have to declare his agricultural parcels in the case where the total area does not exceed 1 ha. In all cases, the farmer shall indicate in his application that he has agricultural parcels at his disposal and, at the request of the competent authorities, shall indicate their location;

(b) farmers participating in the small farmer scheme as referred to in Title V of Regulation (EU) No 1307/2013 do not need to declare the agricultural parcels on which an application for payment is not made, unless such a declaration is required for the purpose of other aid or support.

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3. Member States shall provide, inter alia through electronic means, pre-established forms based on the areas determined in the previous year as well as graphic material indicating the location of those areas.

A Member State may decide that the aid application and the payment claim:

(a) are valid if the beneficiary confirms the absence of changes with respect to the aid application and the payment claim submitted the previous year,

(b) need to contain only changes with respect to the aid application and the payment claim submitted for the previous year.

However, with regard to the small farmers scheme provided for in Title V of Regulation (EU) No 1307/2013, that possibility shall be given to all farmers concerned.

4. A Member State may decide that a single application shall cover a number of or all support schemes and measures referred to in Article 67 or other support schemes and measures.

5. By way of derogation from Council Regulation (EEC, Euratom) No 1182/71 ([1]), the calculation of the date for the submission or the amendment of an aid application, of a payment claim or of any supporting documents, contracts or declarations under this Chapter shall be adapted to the specific requirements of the integrated system. The Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning rules applicable to periods, dates and time limits where the final date for submission of applications or amendments is a public holiday, a Saturday or a Sunday.

([1]) Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time limits (OJ L 124, 8.6.1971, p. 1).

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Article 73

System for the identification of beneficiaries

The single system for recording the identity of each beneficiary of the support as referred to in Article 67(2) shall guarantee that all aid applications and payment claims submitted by the same beneficiary can be identified as such.

Article 74

Verification of eligibility conditions and reductions

1. In accordance with Article 59, Member States, through the paying agencies or the bodies delegated by them, shall carry out administrative checks on the aid application to verify the eligibility conditions for the aid. Those checks shall be supplemented by on-the-spot checks.

2. For the purpose of on-the-spot checks Member States shall draw up a sampling plan of agricultural holdings and/or beneficiaries.

3. Member States may use remote sensing and Global Navigation Satellite System (GNSS) techniques as a means of carrying out on-the-spot checks on agricultural parcels.

4. In the case of non -compliance with the eligibility conditions Article 63 shall apply.

Article 75

Payment to beneficiaries

1. The payments under the support schemes and the measures referred to in Article 67(2) shall be made within the period from 1 December to 30 June of the following calendar year.

Payments shall be made in a maximum of two instalments within that period.

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Notwithstanding the first and second subparagraphs of this paragraph, Member States may:

(a) prior to 1 December but not before 16 October, pay advances of up to 50 % for direct payments;

(b) prior to 1 December, pay advances of up to 75 % for the support granted under rural development as referred to in Article 67(2).

With regard to support granted under rural development, as referred to in Article 67(2), the first and second subparagraphs of this paragraph shall apply in respect of the aid applications or payment claims submitted from claim year 2019.

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2. Payments referred to in the paragraph 1 shall not be made before the verification of eligibility conditions, to be carried out by the Member States pursuant to Article 74, has been finalised.

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By way of derogation from the first subparagraph, advances for support granted under rural development as referred to in Article 67(2) may be paid after the administrative checks pursuant to Article 59(1) have been finalised.

3. In the event of an emergency, the Commission shall adopt implementing acts which are both necessary and justifiable, in order to resolve specific problems in relation to the application of this Article. Such implementing acts may derogate from paragraphs 1 and 2, but only to the extent that, and for such a period, as is strictly necessary.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 76

Delegated powers

1. In order to ensure that the integrated system provided for in this Chapter is implemented in an efficient, coherent and non-discriminatory way which protects the financial interests of the Union, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning:

(a) specific definitions needed to ensure a harmonised implementation of the integrated system, in addition to those provided for in Regulation (EU) No 1307/2013 and Regulation (EU) No 1305/2013;

(b) with regards to Articles 67 to 75, rules on further measures necessary to ensure the compliance with control requirements laid down in this Regulation or in sectoral agricultural legislation to be taken by the Member States in respect of producers, services, bodies, organisations or other operators, such as slaughterhouses or associations involved in the procedure for the granting of the aid, where this Regulation does not provide for relevant administrative penalties; such measures shall as far as possible, follow, mutatis mutandis, the provisions on penalties set out in paragraphs (1) to (5) of Article 77.

2. In order to ensure a correct distribution of the funds resulting from the aid applications provided for in Article 72 to the entitled beneficiaries and to allow for verification of the fulfilment by them of the obligations related thereto, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning:

(a) the basic features, technical rules, including, for the update of reference parcels, appropriate tolerance margins taking into account the outline and condition of the parcel, and including rules on the inclusion of landscape features located adjacent to a parcel, and quality requirements for the identification system for agricultural parcels provided for in Article 70 and for the identification of the beneficiaries as provided for in Article 73;

(b) the basic features, technical rules and quality requirements of the system for the identification and registration of payment entitlements provided for in Article 71;

(c) the rules to establish the definition of the basis for the calculation of aid, including rules on how to deal with certain cases in which eligible areas contain landscape features or trees; such rules shall

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allow Member States for areas under permanent grassland to consider scattered landscape features and trees, the total area of which does not exceed a certain percentage of the reference parcel, to be automatically part of the eligible area without a requirement to map them for that purpose.

Article 77

Application of administrative penalties

1. As regards the administrative penalties referred to in Article 63(2), this Article shall apply in the case of non-compliance with relation to eligibility criteria, commitments or other obligations resulting from the application of the rules on support referred to in Article 67(2).

2. No administrative penalty shall be imposed:

(a) where the non-compliance is due to force majeure;

(b) where the non-compliance is due to obvious errors as referred to in Article 59(6);

(c) where the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the person concerned by the administrative penalty;

(d) where the person concerned can demonstrate to the satisfaction of the competent authority that he or she is not at fault for the non-compliance with the obligations referred to in paragraph 1 or if the competent authority is otherwise satisfied that the person concerned is not at fault;

(e) where the non-compliance is of a minor nature, including where expressed in the form of a threshold, to be set by the Commission in accordance with point (b) of paragraph 7;

(f) other cases in which the imposition of a penalty is not appropriate, to be defined by the Commission in accordance with point (b) of paragraph 7.

3. Administrative penalties may be imposed on the beneficiary of the aid or support, including groups or associations thereof, bound by the obligations laid down in the rules referred to in paragraph 1.

4. The administrative penalties may take the following forms:

(a) a reduction in the amount of aid or support paid or to be paid in relation to the aid applications or payment claims affected by the non-compliance and/or in relation to aid applications or payment claims for previous or subsequent years;

(b) payment of an amount calculated on the basis of the quantity and/or the period concerned by the non-compliance;

(c) exclusion from the right to participate in the aid scheme or support measure concerned.

5. The administrative penalties shall be proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found and shall respect the following limits:

(a) the amount of the administrative penalty for a given year, as referred to in point (a) of paragraph 4, shall not exceed 100 % of the amounts of the aid applications or payment claims;

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(b) the amount of the administrative penalty for a given year, as referred to in point (b) of paragraph 4, shall not exceed 100 % of the amount of the aid applications or payment claims to which the penalty is applied;

(c) the exclusion referred to in point (c) of paragraph 4 may be set at a maximum of three consecutive years, which may apply again in the case of any new non-compliance.

6. Notwithstanding paragraphs 4 and 5, as regards the payment referred to in Chapter 3 of Title III of Regulation (EU) No 1307/2013, administrative penalties shall take the form of a reduction in the amount of payments made or to be made under that Regulation.

The administrative penalties referred to in this paragraph shall be proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance concerned.

The amount of such administrative penalties for a given year shall not exceed 0 % for the first two years of application of Chapter 3 of Title III of Regulation (EU) No 1307/2013 (claim years 2015 and 2016), 20 % for the third year of application (claim year 2017) and 25 % starting with the fourth year of application (claim year 2018), of the amount of the payment referred to in Chapter 3 of Title III of Regulation (EU) No 1307/2013 to which the farmer concerned would be entitled if the farmer met the conditions for that payment.

7. In order to take account of the deterrent effect of penalties to be imposed on the one hand, and the specific characteristics of each aid scheme or support measure referred to in Article 67(2) on the other, the Commission shall be empowered to adopt delegated acts in accordance with Article 115:

(a) identifying, for each aid scheme or support measure and person concerned as referred to in paragraph 3 from the list set out in paragraph 4 and within the limits laid down in paragraphs 5 and 6, the administrative penalty and determining the specific rate to be imposed by Member States, including in cases of non-quantifiable non-compliance;

(b) identifying, the cases in which the administrative penalties are not to be imposed, as referred to in point (f) of paragraph 2.

8. The Commission shall adopt implementing acts, laying down detailed procedural and technical rules for the uniform application of this Article on:

(a) rules on the application and calculation of the administrative penalties;

(b) the detailed rules for identifying a non-compliance as minor, including the setting of a quantitative threshold expressed as a nominal value or a percentage of the eligible amount of aid or support which shall not be less than 0,5 %.

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Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 78

Implementing powers

The Commission shall adopt implementing acts laying down the following:

(a) the basic features, technical rules and quality requirements for the computerised database provided for in Article 69;

(b) rules on the aid applications and payments claims provided for in Article 72, and applications for payment entitlements, including the final date for submission of applications, the requirements as to the minimum amount of information to be included in applications, provisions for amendments to or the withdrawal of aid applications, exemption from the requirement to submit aid applications and provisions which allow Member States to apply simplified procedures or to correct obvious errors;

(c) rules on the carrying out of checks in order to verify compliance with obligations, and the correctness and completeness of the information provided in the aid application or payment claim, including rules on measurement tolerances for on-the-spot checks;

(d) technical specifications needed for the purpose of the uniform implementation of this Chapter;

(e) rules on situations of transfer of holdings accompanied by the transfer of any obligation concerning eligibility in respect of the aid in question which still needs to be fulfilled;

(f) rules on the payment of the advances referred to in Article 75.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

CHAPTER III

Scrutiny of transactions

Article 79

Scope and definitions

1. This Chapter lays down specific rules on the scrutiny of the commercial documents of those entities receiving or making payments relating directly or indirectly to the system of financing by the EAGF, or their representatives ('undertakings') in order to ascertain whether transactions forming part of the system of financing by the EAGF have actually been carried out and have been executed correctly.

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2. This Chapter shall not apply to measures covered by the integrated system referred to in Chapter II of this Title. In order to respond to changes in sectoral agricultural legislation and to ensure the efficiency of the system of ex-post controls established by this Chapter, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 establishing a list of measures which, due to their design and control requirements, are unsuited for additional ex-post controls by way of scrutiny of commercial documents and, therefore, are not to be subject to such scrutiny under this Chapter.

3. For the purposes of this Chapter the following definitions shall apply:

(a) "commercial document" means all books, registers, vouchers and supporting documents, accounts, production and quality records, and correspondence relating to the undertaking's business activity, as well as commercial data, in whatever form they may take, including electronically stored data, in so far as these documents or data relate directly or indirectly to the transactions referred to in paragraph 1;

(b) "third party" means any natural or legal person directly or indirectly connected with transactions carried out within the financing system by the EAGF.

Article 80

Scrutiny by Member States

1. Member States shall carry out systematic scrutiny of the commercial documents of undertakings taking account of the nature of the transactions to be scrutinised. Member States shall ensure that the selection of undertakings for scrutiny gives the best possible assurance of the effectiveness of the measures for preventing and detecting irregularities. The selection shall take account, inter alia, of the financial importance of the undertakings in that system and of other risk factors.

2. In appropriate cases, the scrutiny provided for in paragraph 1 shall be extended to natural and legal persons with whom undertakings are associated and to such other natural or legal persons as may be relevant for the pursuit of the objectives set out in Article 81.

3. The scrutiny carried out pursuant to this Chapter shall not prejudice the checks undertaken pursuant to Articles 47 and 48.

Article 81

Objectives of the scrutiny

1. The accuracy of primary data under scrutiny shall be verified by a number of cross-checks, including, where necessary, the commercial documents of third parties, appropriate to the degree of risk presented, including:

(a) comparisons with the commercial documents of suppliers, customers, carriers and other third parties;

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(b) physical checks, where appropriate, upon the quantity and nature of stocks;

(c) comparison with the records of financial flows leading to or consequent upon the transactions carried out within the financing system by the EAGF; and

(d) checks, in relation to bookkeeping, or records of financial movements showing, at the time of the scrutiny, that the documents held by the paying agency by way of justification for the payment of aid to the beneficiary are accurate.

2. In particular, where undertakings are required to keep particular book records of stock in accordance with Union or national provisions, scrutiny of those records shall, in appropriate cases, include a comparison with the commercial documents and, where appropriate, with the actual quantities in stock.

3. In the selection of transactions to be checked, full account shall be taken of the degree of risk presented.

Article 82

Access to commercial documents

1. The persons responsible for the undertaking, or a third party, shall ensure that all commercial documents and additional information are supplied to the officials responsible for the scrutiny or to the persons authorised to carry it out on their behalf. Electronically stored data shall be provided on an appropriate data support medium.

2. The officials responsible for the scrutiny or the persons authorised to carry it out on their behalf may require that extracts or copies of the documents referred to in paragraph 1 be supplied to them.

3. Where, during scrutiny carried out pursuant to this Chapter, the commercial documents maintained by the undertaking are considered inadequate for scrutiny purposes, the undertaking shall be directed to maintain in future such records as are required by the Member State responsible for the scrutiny, without prejudice to obligations laid down in other Regulations relating to the sector concerned.

Member States shall determine the date from which such records are to be established.

Where some or all of the commercial documents required to be scrutinised pursuant to this Chapter are located with an undertaking in the same commercial group, partnership or association of undertakings managed on a unified basis as the undertaking scrutinised, whether located inside or outside the territory of the Union, the undertaking shall make those commercial documents available to officials responsible for the scrutiny, at a place and time to be determined by the Member States responsible for carrying out the scrutiny.

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4. Member States shall ensure that officials responsible for scrutiny are entitled to seize commercial documents, or have them seized. This right shall be exercised with due regard to the relevant national provisions and shall be without prejudice to the application of rules governing proceedings in criminal matters concerning the seizure of documents.

Article 83

Mutual assistance

1. Member States shall assist each other for the purposes of carrying out the scrutiny provided for in this Chapter in the following cases:

(a) where an undertaking or third party is established in a Member State other than that in which payment of the amount in question has or should have been made or received;

(b) where an undertaking or third party is established in a Member State other than that in which the documents and information required for scrutiny are to be found.

The Commission may coordinate joint actions involving mutual assistance between two or more Member States.

2. During the first three months following the EAGF financial year of payment, Member States shall send the Commission a list of undertakings established in a third country for which payment of the amount in question has or should have been made or received in that Member State.

3. If additional information is required in another Member State as part of the scrutiny of an undertaking in accordance with Article 80, and in particular cross-checks in accordance with Article 81, specific scrutiny requests may be made indicating the reasons for the request. An overview of such specific requests shall be sent to the Commission on a quarterly basis within one month after the end of each quarter. The Commission may require that a copy of individual requests be provided.

The scrutiny request shall be fulfilled not later than six months after its receipt; the results of the scrutiny shall be communicated without delay to the requesting Member State and to the Commission. The communication to the Commission shall be on a quarterly basis within one month after the end of each quarter.

Article 84

Programming

1. Member States shall draw up programmes for scrutiny to be carried out pursuant to Article 80 during the subsequent scrutiny period.

2. Each year, before 15 April, Member States shall send the Commission their programme as referred to in paragraph 1 and shall specify:

(a) the number of undertakings to be scrutinised and their breakdown by sector on the basis of the amounts relating to them;

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(b) the criteria adopted for drawing up the programme.

3. The programmes established by the Member States and forwarded to the Commission shall be implemented by the Member States, if, within eight weeks, the Commission has not made known its comments.

4. Paragraph 3 shall apply mutatis mutandis to the amendments to the programme made by the Member States.

5. At any stage, the Commission may request the inclusion of a particular category of undertaking in the programme of a Member States.

6. Undertakings for which the sum of the receipts or payments amounted to less than EUR 40 000 shall be scrutinised in accordance with this Chapter only for specific reasons to be indicated by the Member States in their annual programme referred to in paragraph 1 or by the Commission in any proposed amendment to that programme. In order to take account of economic developments, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 modifying the threshold of EUR 40 000.

Article 85

Special departments

1. In each Member State, a special department shall be responsible for monitoring the application of this Chapter. Those departments shall, in particular, be responsible for:

(a) the performance of the scrutiny provided for in this Chapter by officials employed directly by that special department; or

(b) the coordination and general surveillance of the scrutiny carried out by officials belonging to other departments.

Member States may also provide that scrutiny to be carried out pursuant to this Chapter is allocated between the special departments and other national departments, provided that the former is responsible for its coordination.

2. The department or departments responsible for the application of this Chapter shall be organised in such a way as to be independent of the departments or branches of departments responsible for the payments and the scrutiny checks carried out prior to payment.

3. In order to ensure that this Chapter is properly applied, the special department referred to in paragraph 1 shall take all the measures necessary, and it shall be entrusted by the Member State concerned with all the powers necessary, to perform the tasks referred to in this Chapter.

4. Member States shall adopt appropriate measures to penalise natural or legal persons who fail to fulfil their obligations under this Chapter.

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Article 86

Reports

1. Before 1 January, following the scrutiny period, Member States shall send the Commission a detailed report on the application of this Chapter.

2. The Member States and the Commission shall have regular exchanges of views on the application of this Chapter.

Article 87

Access to information and scrutiny by the Commission

1. In accordance with the relevant national laws, Commission officials shall have access to all documents prepared either with a view to or following the scrutiny organised under this Chapter and to the data held, including those stored in the data-processing systems. That data shall be provided upon request on an appropriate data support medium.

2. The scrutiny referred to in Article 80 shall be carried out by the officials of the Member States. Officials of the Commission may participate in that scrutiny. They may not themselves exercise the powers of scrutiny accorded to national officials. However, they shall have access to the same premises and to the same documents as the officials of the Member States.

3. In the case of scrutiny taking place under Article 83, officials of the requesting Member State may be present, with the agreement of the requested Member State, at the scrutiny in the requested Member State and have access to the same premises and the same documents as the officials of that Member State.

Officials of the requesting Member State present at scrutiny in the requested Member State shall at all time be able to furnish proof of their official capacity. The scrutiny shall at all times be carried out by officials of the requested Member State.

4. Without prejudice to the provisions of Regulations (EU, Euratom) 883/2013 and (Euratom, EC) No 2185/96, where national provisions concerning criminal procedure reserve certain acts for officials specifically designated by the national law, neither the officials of the Commission, nor the officials of the Member State referred to in paragraph 3, shall take part in these acts. In any event, they shall, in particular not take part in home visits or the formal interrogation of persons in the context of the criminal law of the Member State concerned. They shall, however, have access to information thus obtained.

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Article 88

Commission powers

The Commission shall, where necessary, adopt implementing acts laying down rules for the uniform application of this Chapter and in particular relating to the following:

(a) the performance of the scrutiny referred to in Article 80 as regards the selection of undertakings, rate and the calendar for the scrutiny;

(b) the conservation of commercial documents and the types of documents to maintain or data to record;

(c) the performance and coordination of joint actions referred to in Article 83(1);

(d) the details and specifications regarding the content, form and means of submission of requests, the content, form and means of notification, submission and exchange of information required in the framework of this Chapter;

(e) conditions and means of publication or specific rules and conditions for the diffusion or making available by the Commission to the competent authorities of the Member States of the information needed in the framework of this Regulation;

(f) the responsabilities of the special department referred to in Article 85;

(g) the content of reports referred to in Article 86.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

CHAPTER IV

Other provisions on checks and penalties

Article 89

Other checks and penalties related to marketing rules

1. Member States shall take measures to ensure that the products referred to in Article 119(1) of Regulation (EU) No 1308/2013 which are not labelled in conformity with the provisions of that Regulation are not placed on, or are withdrawn from, the market.

2. Without prejudice to any specific provisions which may be adopted by the Commission, imports into the Union of the products specified in points (a) and (b) of paragraph 1 of Article 189 of Regulation (EU) No 1308/2013 shall be subject to checks to determine whether the conditions provided for in paragraph 1 of that Article are met.

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3. Member States shall carry out checks, based on a risk analysis, in order to verify whether products referred to in Annex I to Regulation (EU) No 1308/2013 conform to the rules laid down in Section I of Chapter I of Title II of Part II of Regulation (EU) No 1308/2013 and shall apply administrative penalties as appropriate.

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4. Without prejudice to acts regarding the wine sector adopted on the basis of Article 64, in the event of infringement of Union rules in the wine sector, Member States shall apply proportionate, effective and dissuasive administrative penalties. Such penalties shall not apply in the cases set out in points (a) to (d) of Article 64(2) and where the non-compliance is of a minor nature.

5. In order to protect Union funds and the identity, provenance and quality of Union wine, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 relating to:

(a) the establishment of an analytical databank of isotopic data to help detect fraud to be constructed on the basis of samples collected by Member States;

(b) rules on control bodies and the mutual assistance between them;

(c) rules on the common use of the findings of Member States;

6. The Commission may adopt implementing acts laying down all measures necessary for:

(a) the procedures relating to Member States' own databanks and to the analytical databank of isotopic data that will help detect fraud;

(b) the procedures relating to cooperation and assistance between control authorities and bodies;

(c) as regards the obligation referred to in paragraph 3, rules for performing the checks of compliance with marketing standards, rules on the authorities responsible for performing the checks, as well as on the content, the frequency and the marketing stage to which those checks are to apply.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 90

Checks related to designation of origin and geographical indications and protected traditional terms

1. Member States shall take the necessary steps to stop unlawful use of protected designations of origin, protected geographical indication and protected traditional terms referred to in Regulation (EU) No 1308/2013.

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2. Member State shall designate the competent authority responsible for carrying out the checks in respect of the obligations laid down in Section II of Chapter I of Title II of Part 2 of Regulation (EU) No 1308/2013 in accordance with the criteria laid down in Article 4 of Regulation (EC) No 882/2004 of the European Parliament and of the Council [1] and shall ensure that any operator complying with those obligations is entitled to be covered by a system of checks.

3. Within the Union, annual verification of compliance with the product specification, during the production and during or after conditioning of the wine shall be ensured by the competent authority referred to in paragraph 2 or by one or more control bodies within the meaning of point 5 of the second subparagraph of Article 2 of Regulation (EC) No 882/2004 operating as a product certification body in accordance with the criteria laid down in Article 5 of that Regulation.

4. The Commission shall, adopt implementing acts concerning the following:

(a) the communications to be made by the Member States to the Commission;

(b) rules on the authority responsible for the verification of compliance with the product specification, including where the geographical area is in a third country;

(c) the actions to be implemented by the Member States to prevent the unlawful use of protected designations of origin, protected geographical indications and protected traditional terms;

(d) the checks and verification to be carried out by the Member States, including testing.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

TITLE VI

CROSS-COMPLIANCE

CHAPTER I

Scope

Article 91

General principle

1. Where a beneficiary referred to in Article 92 does not comply with the rules on cross-compliance as laid down in Article 93, an administrative penalty shall be imposed on that beneficiary.

2. The administrative penalty referred to in paragraph 1 shall only apply where the non-compliance is the result of an act or omission directly attributable to the beneficiary concerned; and where one, or both, of the following additional conditions are met:

[1] Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules (OJ L 165, 30.4.2004, p. 1).

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(a) the non-compliance is related to the agricultural activity of the beneficiary;

(b) the area of the holding of the beneficiary is concerned.

With regard to forest areas, however, this penalty shall not apply in so far as no support is claimed for the area concerned in accordance with point (a) of Article 21(1), and Articles 30 and 34 of Regulation (EU) No 1305/2013.

3. For the purpose of this Title the following definitions shall apply:

(a) 'holding' means all the production units and areas managed by the beneficiary referred to in Article 92 situated within the territory of the same Member State;

(b) "requirement" means each individual statutory management requirement under Union law referred to in Annex II within a given act, differing in substance from any other requirements of the same act.

Article 92

Beneficiaries concerned

Article 91 shall apply to beneficiaries receiving direct payments under Regulation (EU) No 1307/2013, payments under Articles 46 and 47 of Regulation (EU) No 1308/2013 and the annual premia under points (a) and (b) of Article 21(1), Articles 28 to 31, 33 and 34 of Regulation (EU) No 1305/2013.

However, Article 91 shall not apply to beneficiaries participating in the small farmers scheme as referred to in Title V of Regulation (EU) No 1307/2013. The penalty provided for in that Article shall also not apply to the support as referred to in Article 28(9) of Regulation (EU) No 1305/2013.

Article 93

Rules on cross-compliance

1. The rules on cross-compliance shall consist of the statutory management requirements under Union law and the standards for good agricultural and environmental condition of land established at national level as listed in Annex II, relating to the following areas:

(a) environment, climate change and good agricultural condition of land;

(b) public, animal and plant health;

(c) animal welfare.

2. The legal acts referred to in Annex II concerning the statutory management requirements shall apply in the version in force and, in the case of Directives, as implemented by the Member States.

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3. In addition, as regards the years 2015 and 2016, the rules on cross-compliance shall also include the maintenance of permanent pasture. The Member States which were Members of the Union on 1 January 2004 shall ensure that land which was under permanent pasture on the date provided for in the area aid applications for 2003 is maintained under permanent pasture within defined limits. The Member States which became Member of the Union in 2004 shall ensure that land which was under permanent pasture on 1 May 2004 is maintained under permanent pasture within defined limits. Bulgaria and Romania shall ensure that land which was under permanent pasture on 1 January 2007 is maintained under permanent pasture within defined limits. Croatia shall ensure that land which was under permanent pasture on 1 July 2013 is maintained under permanent pasture within defined limits.

The first subparagraph shall not apply to land under permanent pasture to be afforested if such afforestation is compatible with the environment and with the exclusion of plantations of Christmas trees and fast growing species cultivated in the short term.

4. In order to take account of paragraph 3, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 laying down the rules on maintenance of permanent pasture, in particular in order to ensure that measures are taken to maintain the land under permanent pasture at the level of farmers, including individual obligations to be respected such as obligation to reconvert areas into permanent pasture where it is established that the ratio of land under permanent pasture is decreasing.

In order to ensure a correct application of the obligations of the Member States on the one hand and individual farmers on the other hand, as regards the maintenance of permanent pasture, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 to establish the conditions and methods for the determination of the ratio of permanent pasture and agricultural land that has to be maintained.

5. For the purpose of paragraphs 3 and 4, "permanent pasture" means permanent pasture as defined in point (c) of Article 2 of Regulation (EC) No 1120/2009 in its original version.

Article 94

Obligations of Member States relating to good agricultural and environmental condition

Member States shall ensure that all agricultural area, including land which is no longer used for production purposes, is maintained in good agricultural and environmental condition. Member States shall define, at national or regional level, minimum standards for beneficiaries for good agricultural and environmental condition of land on the basis

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of Annex II, taking into account the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use, crop rotation, farming practices, and farm structures.

Member States shall not define minimum requirements which are not established in Annex II.

Article 95

Information to beneficiaries

Member States shall provide the beneficiaries concerned, where appropriate by the use of electronic means, with the list of the requirements and standards to be applied at farm level, as well as clear and precise information thereon.

CHAPTER II

Control system and administrative penalties in relation to cross-compliance

Article 96

Checks of cross-compliance

1. Member States shall make use, where appropriate, of the integrated system laid down in Chapter II of Title V and in particular of points (a), (b), (d), (e) and (f) of Article 68(1).

Member States may make use of their existing administration and control systems to ensure compliance with the rules on cross-compliance.

Those systems, and notably the system for the identification and registration of animals set up in accordance with Council Directive 2008/71/EC ([1]) and Regulations (EC) No 1760/2000 and (EC) No 21/2004, shall be compatible with the integrated system referred to in Chapter II of Title V of this Regulation.

2. Depending on the requirements, standards, acts or areas of cross-compliance in question, Member States may decide to carry out administrative checks, in particular those already provided for under the control systems applicable to the respective requirement, standard, act or area of cross-compliance.

3. Member States shall carry out on-the-spot checks to verify whether a beneficiary complies with the obligations laid down in this Title.

4. The Commission shall adopt implementing acts, laying down rules on the carrying out of checks in order to verify compliance with the obligations referred to under this Title, including rules allowing that risk analysis takes account of the following factors:

([1]) Council Directive 2008/71/EC of 15 July 2008 on the identification and registration of pigs (OJ L 213, 8.8.2008, p. 31).

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(a) a farmer's participation in the farm advisory system as provided for in Title III of this Regulation;

(b) a farmer's participation in a certification system, if it covers the requirements and standards concerned.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

Article 97

Application of the administrative penalty

1. The administrative penalty provided for in Article 91 shall be imposed where the rules on cross-compliance are not complied with at any time in a given calendar year ('the calendar year concerned'), and where the non-compliance in question is directly attributable to the beneficiary who submitted the aid application or the payment claim in the calendar year concerned.

The first subparagraph shall apply mutatis mutandis to beneficiaries who are found not to have complied with the rules on cross-compliance, at any time during three years from 1 January of the year following the calendar year in which the first payment was granted under the support programmes for restructuring and conversion or at any time during one year from 1 January of the year following the calendar year in which the payment was granted under the support programmes for green harvesting referred to in Regulation (EU) No 1308/2013('the years concerned').

2. In cases in which the land is transferred during the calendar year concerned or the years concerned, paragraph 1 shall also apply where the non-compliance in question is the result of an act or omission directly attributable to the person to whom or from whom the agricultural land was transferred. By way of derogation from the first sentence, where the person to whom the act or omission is directly attributable has submitted an aid application or a payment claim in the calendar year concerned or the years concerned, the administrative penalty shall be imposed on the basis of the total amounts of the payments referred to in Article 92 granted or to be granted to that person.

For the purpose of this paragraph, 'transfer' means any type of transaction whereby the agricultural land ceases to be at the disposal of the transferor.

3. Notwithstanding paragraph 1, and subject to the rules to be adopted pursuant to Article 101, Member States may decide not to apply an administrative penalty per beneficiary and per calendar year when the amount of the penalty is EUR 100 or less.

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Where a Member State decides to make use of the option provided for in the first subparagraph, the competent authority shall, for a sample of beneficiaries, take in the following year the actions necessary to verify that the beneficiary has remedied the findings of non-compliance concerned. The finding and the obligation to take remedial action shall be notified to the beneficiary.

4. The imposition of an administrative penalty shall not affect the legality and regularity of the payments to which it applies.

Article 98

Application of the administrative penalty in Bulgaria, Croatia and Romania

For Bulgaria and Romania, the administrative penalties referred to in Article 91 shall be applied at the latest from 1 January 2016 as regards the statutory management requirements in the area of animal welfare referred to in Annex II.

For Croatia, the penalties referred to in Article 91 shall be applied in accordance with the following time schedule as regards the statutory management requirements (SMR) referred to in Annex II:

(a) from 1 January 2014 for SMR 1 to SMR 3 and SMR 6 to SMR 8;

(b) from 1 January 2016 for SMR 4, SMR 5, SMR 9 and SMR 10;

(c) from 1 January 2018 for SMR 11 to SMR 13.

Article 99

Calculation of the administrative penalty

1. The administrative penalty provided for in Article 91 shall be applied by means of reduction or exclusion of the total amount of the payments listed in Article 92 granted or to be granted to the beneficiary concerned in respect of aid applications he has submitted or will submit in the course of the calendar year of the finding.

For the calculation of those reductions and exclusions, account shall be taken of the severity, extent, permanence and reoccurrence of the non-compliance found as well as of the criteria set out in paragraphs 2, 3 and 4.

2. In the case of non compliance due to negligence, the percentage of reduction shall not exceed 5 % and, in the case of reoccurrence, shall not exceed 15 %.

Member States may set up an early warning system that applies to cases of non-compliance which, given their minor severity, extent and duration, shall not, in duly justified cases, lead to a reduction or exclusion. Where a Member State decides to make use of this option, the competent authority shall send an early warning to the beneficiary, notifying the beneficiary of the finding and the obligation to take remedial action. In case a subsequent check establishes that the non-compliance has not been remedied, the reduction pursuant to the first subparagraph shall be applied retroactively.

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However, cases of non-compliance which constitute a direct risk to public or animal health shall always lead to a reduction or exclusion.

Member States may give priority access to the farm advisory system to the beneficiaries who have received for the first time an early warning.

3. In the case of intentional non-compliance, the percentage reduction shall in principle not be less than 20 % and may go as far as total exclusion from one or several aid schemes and may apply for one or more calendar years.

4. In any event, the total amount of reductions and exclusions for one calendar year shall not be more than the total amount referred to in the first subparagraph of paragraph 1.

Article 100

Amounts resulting from cross-compliance

Member States may retain 25 % of the amounts resulting from the application of the reductions and exclusions referred to in Article 99.

Article 101

Commission powers in relation to the application and calculation of administrative penalties

1. In order to ensure a correct distribution of the funds to the entitled beneficiaries and that cross-compliance is carried out in an efficient, coherent and non-discriminatory way, the Commission shall be empowered to adopt delegated acts in accordance with Article 115:

(a) establishing a harmonised basis for calculation of administrative penalties due to cross-compliance referred to in Article 99, taking into account reductions due to financial discipline;

(b) laying down the conditions for the application and calculation of the administrative penalties due to cross-compliance, including in the case of non-compliance directly attributable to the beneficiary concerned.

2. The Commission shall adopt implementing acts laying down detailed procedural and technical rules concerning the calculation and application of administrative penalties referred to in Articles 97 to 99, including as regards beneficiaries consisting of a group of persons under Articles 28 and 29 of Regulation (EU) No 1305/2013.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

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TITLE VII

COMMON PROVISIONS

CHAPTER I

Communication

Article 102

Communication of information

1. In addition to the provisions laid down in the sectoral Regulations, Member States shall send to the Commission the following information, declarations and documents:

(a) for accredited paying agencies and accredited coordinating bodies:

(i) their accreditation document;

(ii) their function (accredited paying agency or accredited coordinating body);

(iii) where relevant, the withdrawal of their accreditation,

(b) for certification bodies:

(i) their name;

(ii) their address,

(c) for measures relating to operations financed by the Funds:

(i) declarations of expenditure, which also act as payment requests, signed by the accredited paying agency or the accredited coordinating body and accompanied by the requisite information;

(ii) estimates of their financial requirements, with regard to the EAGF and, with regard to the EAFRD, an update of estimated declarations of expenditure which will be submitted during the year and estimated declarations of expenditure in respect of the following financial year;

(iii) the management declaration and the annual accounts of the accredited paying agencies;

(iv) an annual summary of the results of all available audits and checks carried out in accordance with the schedule and detailed provisions laid down in the sector specific rules.

The annual accounts of accredited paying agencies relating to EAFRD expenditure shall be submitted at the level of each programme.

2. Member States shall inform the Commission in detail of the measures taken to implement the good agricultural and environmental condition referred to in Article 94 and the details of the farm advisory system referred to in Title III.

▼B

3. Member State shall inform the Commission regularly of the application of the integrated system referred to in Chapter II of Title V. The Commission shall organise exchanges of views on this subject with the Member States.

Article 103

Confidentiality

1. Member States and the Commission shall take all necessary steps to ensure the confidentiality of the information communicated or obtained under inspection and clearance of accounts measures implemented under this Regulation.

The rules laid down in Article 8 of Regulation (Euratom, EC) No 2185/96 shall apply to that information.

2. Without prejudice to national provisions relating to legal proceedings, information collected in the course of scrutiny as provided for in Chapter III of Title V shall be protected by professional secrecy. It shall not be communicated to any persons other than those who, by reason of their duties in the Member States or in the institutions of the Union, are required to have knowledge thereof for the purposes of performing those duties.

Article 104

Commission powers

The Commission may adopt implementing acts laying down rules on:

(a) the form, content, intervals, deadlines and arrangements for transmitting or making available to the Commission:

(i) declarations of expenditure and estimates of expenditure and their updates, including assigned revenue;

(ii) management declaration and annual accounts of the paying agencies, as well as the results of all available audits and controls carried out;

(iii) the account certification reports;

(iv) the names and particulars of accredited paying agencies, accredited coordinating bodies and certification bodies;

(v) arrangements for taking account of and paying expenditure financed by the Funds;

(vi) notifications of financial adjustments made by Member States in connection with rural development operations or programmes, and summary reports on the recovery procedures undertaken by the Member States in response to irregularities;

(vii) information on the measures taken pursuant to Article 58.

▼B

(b) the arrangements governing exchanges of information and documents between the Commission and the Member States, and the implementation of information systems, including the type, format and content of data to be processed by these systems and the corresponding data storage rules;

(c) the notification to the Commission by Member States of information, documents, statistics and reports, as well as the deadlines and methods for their notification.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

CHAPTER II

Use of the euro

Article 105

General principles

1. The amounts given in the Commission decisions adopting rural development programmes, the amounts of commitments and payments by the Commission and the amounts of expenditure attested or certified and amounts in declarations of expenditure by the Member States shall be expressed and paid in euro.

2. The prices and amounts fixed in the sectoral agricultural legislation shall be expressed in euro.

They shall be granted or collected in euro in the Member States which have adopted the euro and in the national currency in the Member States which have not.

Article 106

Exchange rate and operative event

1. The prices and amounts referred to in Article 105(2) shall be converted in the Member States which have not adopted the euro into the national currency by means of an exchange rate.

2. The operative event for the exchange rate shall be:

(a) the completion of customs import or export formalities in the case of amounts collected or granted in trade with third countries;

(b) the event whereby the economic objective of the operation is attained in all other cases.

3. Where a direct payment as provided for in Regulation (EU) No 1307/2013 is made to a beneficiary in a currency other than the euro, Member States shall convert the amount of aid expressed in euro into the national currency on the basis of the most recent exchange rate set by the European Central Bank prior to 1 October of the year for which the aid is granted.

▼B

By way of derogation from the first subparagraph, Member States may decide, in duly justified cases, to carry out the conversion on the basis of the average of the exchange rates set by the European Central Bank during the month prior to 1 October of the year for which the aid is granted. Member States that choose that option shall set and publish that average rate before 1 December of that year.

4. As regards EAGF, when drawing up their declarations of expenditure, Member States which have not adopted the euro shall apply the same exchange rate as that which they used to make payments to beneficiaries or receive revenue, in accordance with the provisions of this Chapter.

5. In order to specify the operative event referred to in paragraph 2 or to fix it for reasons peculiar to the market organisation or the amount in question, the Commission shall be empowered to adopt delegated acts in accordance with Article 115, containing rules on those operative events and the exchange rate to be used. The specific operative event shall be determined taking account of the following criteria:

(a) actual applicability as soon as possible of adjustments to the exchange rate;

(b) similarity of the operative events for analogous operations carried out under the market organisation;

(c) coherence in the operative events for the various prices and amounts relating to the market organisation;

(d) practicability and effectiveness of checks on the application of suitable exchange rates.

6. In order to avoid the application by the Member States which have not adopted the euro of different exchange rates in accounts of revenue received or aid paid to beneficiaries in a currency other than the euro, on the one hand, and in the establishment of the declaration of expenditure drawn up by the paying agency, on the other, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 laying down rules on the exchange rate applicable when declarations of expenditure are drawn up and when public storage operations are recorded in the accounts of the paying agency.

Article 107

Safeguard measures and derogations

1. The Commission may adopt implementing acts safeguarding the application of Union law if exceptional monetary practices related to national currency are likely to jeopardise it. Those implementing acts may only derogate from the existing rules for a period of time which is strictly necessary.

▼B

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

The European Parliament, the Council and the Member States shall be notified forthwith of the measures referred to in the first subparagraph.

2. Where exceptional monetary practices concerning a national currency are liable to jeopardise the application of Union law, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 derogating from this Section, in particular in the following cases:

(a) where a country uses abnormal exchange techniques such as multiple exchange rates or operates barter agreements;

(b) where countries have currencies which are not quoted on official foreign exchange markets or where the trend in such currencies is likely to create distortion in trade.

Article 108

Use of the euro by non-euro Member States

1. If a Member State which has not adopted the euro decides to pay the expenditure resulting from sectoral agricultural legislation in euro rather than in its national currency, the Member State shall take measures to ensure that the use of the euro does not provide a systematic advantage compared with the use of national currency.

2. The Member State shall notify the Commission of the measures planned before they come into effect. The measures may not take effect until the Commission has notified its agreement thereto.

CHAPTER III

Report and evaluation

Article 109

Annual financial report

By end September of each year following the budget year, the Commission shall draw up a financial report on the administration of the Funds during the previous financial year, which it shall submit to the European Parliament and the Council.

Article 110

Monitoring and evaluation of the CAP

1. A common monitoring and evaluation framework shall be established with a view to measuring the performance of the CAP, and in particular of:

(a) the direct payments provided for in Regulation (EU) No 1307/2013;

(b) the market measures provided for in Regulation (EU) No 1308/2013;

▼B

(c) the rural development measures provided for in Regulation (EU) No 1305/2013 and of,

(d) the provisions of this Regulation.

The Commission shall monitor these policy measures based on reporting by Member States in accordance with the rules laid down in the Regulations referred to in the first subparagraph. The Commission shall establish a multiannual evaluation plan including periodic evaluations of specific instruments which it will carry out.

In order to ensure an effective performance measurement, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 regarding the content and construction of that framework.

2. The performance of the CAP measures referred to in paragraph 1 shall be measured in relation to the following objectives:

(a) viable food production, with a focus on agricultural income, agricultural productivity and price stability;

(b) sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water;

(c) balanced territorial development, with a focus on rural employment, growth and poverty in rural areas.

The Commission shall adopt implementing acts, laying down the set of indicators specific to the objectives referred to in the first subparagraph. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

The indicators shall be linked to the structure and objectives of the policy and shall allow for the assessment of the progress, effectiveness and efficiency of the policy against objectives.

3. The monitoring and evaluation framework shall reflect the structure of the CAP in the following way:

(a) for the direct payments provided for in Regulation (EU) No 1307/2013, the market measures provided for in Regulation (EU) No 1308/2013 and the provisions of this Regulation, the Commission shall monitor these instruments based on reporting by Member States in accordance with the rules laid down in these regulations. The Commission shall establish a multi-annual evaluation plan with periodic evaluations of specific instruments to be carried out under Commission responsibility. Evaluations shall be carried out timely and by independent evaluators.

(b) the monitoring and evaluation of rural development policy intervention will be carried out according to Articles 67 to 79 of Regulation (EU) No 1305/2013.

▼B

The Commission shall ensure that the combined impact of all CAP instruments referred to in paragraph 1 is measured and assessed in relation to the common objectives referred to in paragraph 2. The performance of the CAP in achieving its common objectives shall be measured and assessed on the basis of common impact indicators, and the underlying specific objectives on the basis of result indicators. Based on evidence provided in evaluations on the CAP, including evaluations on rural development programmes, as well as other relevant information sources, reports on measuring and assessing the joint performance of all CAP instruments shall be prepared by the Commission.

4. Member States shall provide the Commission with all the information necessary to permit the monitoring and evaluation of the measures concerned. As far as possible, such information shall be based on established sources of data, such as the Farm Accountancy Data Network and Eurostat.

The Commission shall take into account the data needs and synergies between potential data sources, in particular their use for statistical purposes when appropriate.

The Commission shall adopt implementing acts, laying down rules on the information to be sent by the Member States, taking into account the need to avoid any undue administrative burden, as well as rules on the data needs and synergies between potential data sources. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

5. The Commission shall present an initial report on the implementation of this Article, including first results on the performance of the CAP, to the European Parliament and the Council by 31 December 2018. A second report including an assessment of the performance of the CAP shall be presented by 31 December 2021.

CHAPTER IV

Transparency

Article 111

Publication of beneficiaries

1. Member States shall ensure annual ex-post publication of the beneficiaries of the Funds. The publication shall contain:

(a) without prejudice to the first paragraph of Article 112 of this Regulation, the name of the beneficiary, as follows:

(i) the first name and the surname where the beneficiary is a natural person;

(ii) the full legal name as registered where the beneficiary is a legal person with the autonomous legal personality pursuant to the legislation of the Member State concerned;

▼B

(iii) the full name of the association as registered or otherwise officially recognised where the beneficiary is an association without an own legal personality;

(b) the municipality where the beneficiary is resident or is registered and, where available, the postal code or the part thereof identifying the municipality;

(c) the amounts of payment corresponding to each measure financed by the Funds received by each beneficiary in the financial year concerned;

(d) the nature and the description of the measures financed by either of the Funds and under which the payment referred to in point (c) is awarded.

The information referred to in the first subparagraph shall be made available on a single website per Member State. It shall remain available for two years from the date of the initial publication.

2. As regards the payments corresponding to the measures financed by the EAFRD as referred to in point (c) of the first subparagraph of paragraph 1, the amounts to be published shall correspond to the total public funding, including both the Union and the national contribution.

Article 112

Threshold

Member States shall not publish the name of a beneficiary as provided for in point (a) of the first subparagraph of Article 111(1) of this Regulation in the following situations:

(a) in the case of Member States establishing the Small farmers scheme provided for in Title V of Regulation (EU) No 1307/2013, where the amount of aid received in one year by a beneficiary is equal to or less than the amount fixed by the Member State as referred to in the second subparagraph of Article 63(1) or the second subparagraph of Article 63(2) of that Regulation;

(b) in the case of Member States not establishing the Small farmers scheme provided for in Title V of Regulation (EU) No 1307/2013, where the amount of aid received in one year by a beneficiary is equal to or less than EUR 1 250.

Where point (a) of the first subparagraph applies, the amounts fixed by the Member States pursuant to Article 63 of Regulation (EU) No 1307/2013 and notified to the Commission under that Regulation shall be made public by the Commission in accordance with the rules adopted under Article 114.

Where the first paragraph of this Article applies the Member States shall publish the information referred to in points (b), (c) and (d) of the first subparagraph of Article 111(1) and the beneficiary shall be identified by a code. Member States shall decide on the form of that code.

▼B

Article 113

Information of the beneficiaries

Member States shall inform the beneficiaries that their data will be made public in accordance with Article 111 and that the data may be processed by auditing and investigating bodies of the Union and the Member States for the purpose of safeguarding the Union's financial interests.

In accordance with the requirements of Directive 95/46/EC, where personal data is concerned, the Member States shall inform the beneficiaries of their rights under the data protection rules and of the procedures applicable for exercising those rights.

Article 114

Commission powers

The Commission shall adopt implementing acts laying down rules on:

(a) the form, including the way of presentation by measure, and the calendar of the publication foreseen in Articles 111 and 112;

(b) the uniform application of Article 113;

(c) the cooperation between the Commission and Member States.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 116(3).

TITLE VIII

FINAL PROVISIONS

Article 115

Exercise of the delegation

1. The power to adopt delegated acts referred to in Articles 8, 20, 40, 46, 50, 53, 57, 62, 63, 64, 65, 66, 72, 76, 77, 79, 84, 89, 93, 101, 106, 107, 110 and 120 is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 8, 20, 40, 46, 50, 53, 57, 62, 63, 64, 65, 66, 72, 76, 77, 79, 84, 89, 93, 101, 106, 107, 110 and 120 shall be conferred on the Commission for a period of seven years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

▼B

3. The delegation of powers referred to in Articles 8, 20, 40, 46, 50, 53, 57, 62, 63, 64, 65, 66, 72, 76, 77, 79, 84, 89, 93, 101, 106, 107, 110 and 120 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to in Articles 8, 20, 40, 46, 50, 53, 57, 62, 63, 64, 65, 66, 72, 76, 77, 79, 84, 89, 93, 101, 106, 107, 110 and 120 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months on the initiative of the European Parliament of the Council.

Article 116

Committee procedure

1. The Commission shall be assisted by a committee named the Committee on the Agricultural Funds. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

For the purposes of Articles 15, 58, 62, 63, 64, 65, 66, 75, 77, 78, 89, 90, 96, 101 and 104, as regards matters relating to direct payments, rural development and/or the common organisation of markets, the Commission shall be assisted by the Committee on the Agricultural Funds, the Committee for Direct Payments, the Rural Development Committee and/or the Committee for the Common Organisation of the Agricultural Markets established by this Regulation, Regulation (EU) No 1307/2013, Regulation (EU) No 1305/2013 and Regulation (EU) No 1308/2013, respectively. Those committees shall be committees within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

In the case of acts referred to in Article 8, where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

▼B

Article 117

Processing and protection of personal data

1. Member States and the Commission shall collect personal data for the purpose of carrying out their respective management, control, audit as well as monitoring and evaluation obligations under this Regulation and, in particular, those laid down in Chapter II of Title II, Title III, Chapters III and IV of Title IV, Titles V and VI and Chapter III of Title VII, as well as for statistical purposes, and shall not process this data in a way that is incompatible with that purpose.

2. Where personal data are processed for monitoring and evaluation purposes under Chapter III of Title VII, as well as for statistical purposes, they shall be made anonymous and processed in aggregated form only.

3. Personal data shall be processed in accordance with the rules of Directive 95/46/EC and Regulation (EC) No 45/2001. In particular, such data shall not be stored in a form which enables data subjects to be identified for longer than is necessary for the purposes for which those data were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.

4. Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the rights set out in the respective data protection rules of Directive 95/46/EC and Regulation (EC) No 45/2001.

5. This Article shall be subject to Articles 111 to 114.

Article 118

Level of implementation

Member States shall be responsible for implementing programmes and carrying out their tasks under this Regulation at the level they deem appropriate, in accordance with the institutional, legal and financial framework of the Member State and subject to compliance with this Regulation and other relevant Union rules.

Article 119

Repeal

1. Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 are repealed.

▼M1

However, Article 31 of Regulation (EC) No 1290/2005 and the relevant implementing rules shall continue to apply until 31 December 2014 and Articles 30 and 44a of Regulation (EC) No 1290/2005 and the relevant implementing rules shall continue to apply to expenditure incurred and payments made for agricultural financial year 2013, respectively.

▼B

2. References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table set out in Annex III.

▼M1

Article 119a

Derogation from Regulation (EU) No 966/2012

By way of derogation from Article 59(5) of Regulation (EU) No 966/2012 and from Article 9(1) of this Regulation, for agricultural financial year 2014, it shall not be necessary for the opinion of the certification body to establish whether the expenditure in respect of which reimbursement has been requested from the Commission is legal and regular.

▼B

Article 120

Transitional measures

▼C1

In order to ensure the smooth transition from the arrangements provided for in the repealed Regulations referred to in Article 119 to those laid down in this Regulation, the Commission shall be empowered to adopt delegated acts in accordance with Article 115 concerning the cases in which derogations from, and additions to, the rules provided for in this Regulation may apply.

▼B

Article 121

Entry into force and application

1. This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2014.

▼M1

2. However, the following provisions shall apply as follows:

(a) Articles 7, 8, 16, 25, 26 and 43, from 16 October 2013;

(b) Article 52, Title III, Chapter II of Title V and Title VI, from 1 January 2015.

3. Notwithstanding paragraphs 1 and 2:

(a) Articles 9, 18, 40 and 51 shall apply to expenditure effected from 16 October 2013;

(b) Chapter IV of Title VII shall apply to payments made from agricultural financial year 2014 onwards.

▼B

This Regulation shall be binding in its entirety and directly applicable in all Member States.

▼B

ANNEX I

INFORMATION IN THE FIELD OF CLIMATE CHANGE MITIGATION AND ADAPTATION, BIODIVERSITY AND THE PROTECTION OF WATER AS LAID DOWN IN POINT (D) OF ARTICLE 12(3)

Climate change mitigation and adaptation:

— Information on the prospective impact of climate change in the relevant regions, of the green house gas emissions of the relevant farming practices and on the contribution of the agricultural sector to mitigation through improved farming and agroforestry practices and through the development of renewable energy projects on farm and energy efficiency improvement on farm.

— Information helping farmers to plan how best to invest in "climate-proofing" their farm systems, and which Union funds they can use to do so; and in particular, information on adapting farmland to climatic fluctuations and longer term changes and information on how to adopt practical agronomic measures to increase the resilience of farming systems to floods and droughts as well as information on how to improve and optimise soil carbon levels.

Biodiversity:

— Information on the positive correlation between biodiversity and agro-ecosystem resilience, and the spreading of risk, and also the link between monocultures and susceptibility to crop failure/damage from pests and extreme climatic events

— Information on how to best prevent the spread of alien invasive species and why this is important for the effective functioning of the ecosystem and for its resilience to climate change, including information on access to funding for eradication schemes where additional costs are implied

Protection of water:

— Information on sustainable, low-volume irrigation systems and how to optimise rain-fed systems, in order to promote efficient water use.

— Information on reducing water use in agriculture, including crop choice, on improving soil humus to increase water retention and on reducing the need to irrigate.

General:

— Exchange of best practice, training and capacity building (applicable to Climate change mitigation and adaptation, Biodiversity and Protection of water as mentioned above in this Annex).

▼B

ANNEX II

RULES ON CROSS-COMPLIANCE PURSUANT TO ARTICLE 93

SMR: Statutory management requirement

GAEC: Standards for good agricultural and environmental condition of land

Area	Main Issue	Requirements and standards		
Environment, climate change, good agricultural condition of land	Water	SMR 1	Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1)	Articles 4 and 5
		GAEC 1	Establishment of buffer strips along water courses ([1])	
		GAEC 2	Where use of water for irrigation is subject to authorisation, compliance with authorisation procedures	
		GAEC 3	Protection of ground water against pollution: prohibition of direct discharge into groundwater and measures to prevent indirect pollution of groundwater through discharge on the ground and percolation through the soil of dangerous substances, as listed in the Annex to Directive 80/68/EEC in its version in force on the last day of its validity, as far as it relates to agricultural activity	
	Soil and carbon stock	GAEC 4	Minimum soil cover	
		GAEC 5	Minimum land management reflecting site specific conditions to limit erosion	
		GAEC 6	Maintenance of soil organic matter level through appropriate practices including ban on burning arable stubble, except for plant health reasons ([2])	
	Biodiversity	SMR 2	Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7)	Article 3(1), Article 3(2)(b), Article 4(1), (2) and (4)
		SMR 3	Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild flora and fauna (OJ L 206, 22.7.1992, p. 7)	Article 6(1) and (2)

▼B

Area	Main Issue	Requirements and standards		
	Land-scape, minimum level of main-tenance	GAEC 7	Retention of landscape features, including where appropriate, hedges, ponds, ditches, trees in line, in group or isolated, field margins and terraces, and including a ban on cutting hedges and trees during the bird breeding and rearing season and, as an option, measures for avoiding invasive plant species	
Public health, animal health and plant health	Food safety	SMR 4	Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (OJ L 31, 1.2.2002, p. 1)	Articles 14 and 15, Article 17(1) ([3]) and Articles 18, 19 and 20
		SMR 5	Council Directive 96/22/EC of 29 April 1996 concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and beta-agonists, and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC (OJ L 125, 23.5.1996, p. 3)	Article 3(a), (b), (d) and (e) and Articles 4, 5 and 7
	Identifi-cation and regis-tration of animals	SMR 6	Council Directive 2008/71/EC of 15 July 2008 on identification and registration of pigs (OJ L 213, 8.8.2005, p. 31)	Articles 3, 4 and 5
		SMR 7	Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97(OJ L 204, 11.8.2000, p. 1)	Articles 4 and 7
		SMR 8	Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC (OJ L 5, 9.1.2004, p. 8)	Articles 3, 4 and 5
	Animal diseases	SMR 9	Regulation (EC) No 999/2001 of the European Parliament and of the Council of 22 May 2001 laying down rules for the prevention, control and eradication of certain transmissible spongiform encep-halopathies (OJ L 147, 31.5.2001, p. 1)	Articles 7, 11, 12, 13 and 15

▼B

Area	Main Issue	Requirements and standards		
	Plant protection products	SMR 10	Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1)	Article 55, first and second sentence
Animal welfare	Animal welfare	SMR 11	Council Directive 2008/119/EC of 18 December 2008 laying down minimum standards for the protection of calves (OJ L 10, 15.1.2009, p. 7)	Articles 3 and 4
		SMR 12	Council Directive 2008/120/EC of 18 December 2008 laying down minimum standards for the protection of pigs (OJ L 47, 18.2.2009, p. 5)	Article 3 and Article 4
		SMR 13	Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes (OJ L 221, 8.8.1998, p. 23)	Article 4

([1]) The GAEC buffer strips must respect, both within and outside vulnerable zones designated pursuant to Article 3(2) of Directive 91/676/EEC, at least the requirements relating to the conditions for land application of fertiliser near water courses, referred to in point A.4 of Annex II to Directive 91/676/EEC to be applied in accordance with the action programmes of Member States established under Article 5(4) of Directive 91/676/EEC.

([2]) The requirement can be limited to a general ban on burning arable stubble, but a Member State may decide to prescribe further requirements.

([3]) As implemented in particular by:

— Article 14 of Regulation (EC) No 470/2009 and the Annex of Regulation (EC) No 37/2010,

— Regulation (EC) No 852/2004: Article 4(1) and Annex I part A (II 4 (g, h, j), 5 (f, h), 6; III 8 (a, b, d, e), 9 (a, c)),

— Regulation (EC) No 853/2004: Article 3(1) and Annex III Section IX Chapter 1 (I-1 b, c, d, e; I-2 a (i, ii, iii), b (i, ii), c; I-3; I-4; I-5; II-A 1, 2, 3, 4; II-B 1(a, d), 2, 4 (a, b)), Annex III Section X Chapter 1(1),

►C2 — Regulation (EC) No 183/2005: Article 5(1) and Annex I, part A (I-4 e, g; II-2 a, b, e), Article 5(5) and Annex III (under the heading 'FEEDING', point 1 entitled 'Storage', first and last sentences, and point 2 entitled 'Distribution', third sentence), Article 5(6), and ◄

— Regulation (EC) No 396/2005: Article 18.

▼B

ANNEX III

CORRELATION TABLE

1. Regulation (EEC) No 352/78

Regulation (EEC) No 352/78	This Regulation
Article 1	Article 43(1)(e)
Article 2	Article 43(2)
Article 3	Article 46(1)
Article 4	—
Article 5	—
Article 6	—

2. Regulation (EC) No 2799/98

Regulation (EC) No 2799/98	This Regulation
Article 1	—
Article 2	Article 105(2) and 106
Article 3	Article 106
Article 4	—
Article 5	—
Article 6	—
Article 7	Article 107
Article 8	Article 108
Article 9	—
Article 10	—
Article 11	—

3. Regulation (EC) No 814/2000

Regulation (EC) No 814/2000	This Regulation
Article 1	Article 45(1)
Article 2	Article 45(2)
Article 3	—
Article 4	—
Article 5	—
Article 6	—
Article 7	—
Article 8	Article 45(5)
Article 9	—
Article 10	Articles 45(4) and 116
Article 11	—

▼B

4. Regulation (EC) No 1290/2005

Regulation (EC) No 1290/2005	This Regulation
Article 1	Article 1
Article 2	Article 3
Article 3	Article 4
Article 4	Article 5
Article 5	Article 6
Article 6	Article 7
Article 7	Article 9
Article 8	Article 102
Article 9	Article 58
Article 10	Article 10
Article 11	Article 11
Article 12	Article 16
Article 13	Article 19
Article 14	Article 17
Article 15	Article 18
Article 16	Article 40
Article 17	Article 41(1)
Article 17a	Article 41(2)
Article 18	Article 24
Article 19	Article 27
Article 20	Article 28
Article 21	Article 29
Article 22	Article 32
Article 23	Article 33
Article 24	Article 34
Article 25	Article 35
Article 26	Article 36
Article 27	Article 41(1)
Article 27a	Article 41(2)
Article 28	Article 37
Article 29	Article 38
Article 30	Article 51
Article 31	Article 52
Article 32	Article 54 and 55
Article 33	Article 54 and 56
Article 34	Article 43

▼B

Regulation (EC) No 1290/2005	This Regulation
Article 35	—
Article 36	Article 48
Article 37	Article 47
Article 38	—
Article 39	—
Article 40	—
Article 41	Article 116
Article 42	—
Article 43	Article 109
Article 44	Article 103
Article 44a	Article 113(1)
Article 45	Article 105(1) and 106(3) and (4)
Article 46	—
Article 47	Article 119
Article 48	Article 120
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5. Regulation (EC) No 485/2008

Regulation (EC) No 485/2008	This Regulation
Article 1	Article 79
Article 2	Article 80
Article 3	Article 81
Article 4	—
Article 5	Article 82(1), (2) and (3)
Article 6	Article 82(4)
Article 7	Article 83
Article 8	Article 103(2)
Article 9	Article 86
Article 10	Article 84
Article 11	Article 85
Article 12	Article 106(3)
Article 13	—
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Article 17	—

▼B

Joint statement by the European Parliament and the Council on cross-compliance

The Council and the European Parliament invite the Commission to monitor the transposition and the implementation by the Member States of Directive 2000/60/EC of 23 October 2000 establishing a framework for Community action in the field of water policy and Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides and, where appropriate, to come forward, once these Directives have been implemented in all Member States and the obligations directly applicable to farmers have been identified, with a legislative proposal amending this regulation with a view to including the relevant parts of these Directives in the system of cross-compliance.