

*Regulations 4(2) and 7(3) of this Statutory Instrument are being made in consequence of a defect in S.I. 2020/1387 and this Statutory Instrument is being issued free of charge to all known recipients of that Statutory Instrument.*

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STATUTORY INSTRUMENTS

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**2021 No. 407**

**AGRICULTURE, ENGLAND**

**The Direct Payments to Farmers (Reductions and Simplifications) (England) (Amendment) Regulations 2021**

*Made* - - - - *25th March 2021*  
*Coming into force* - - *26th March 2021*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 9, 11(1) and 50(3) of the Agriculture Act 2020<sup>(1)</sup>.

A draft of this instrument has been approved by a resolution of each House of Parliament, in accordance with sections 11(5) and 50(6)(a) and (8) of the Agriculture Act 2020.

**Citation, commencement and application**

1.—(1) These Regulations may be cited as the Direct Payments to Farmers (Reductions and Simplifications) (England) (Amendment) Regulations 2021.

(2) These Regulations come into force on the day after the day on which they are made.

(3) These Regulations apply in England only.

**Amendment of Regulation (EU) No 1306/2013**

2.—(1) Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy<sup>(2)</sup> is amended, insofar as it relates to direct payments, as follows.

(2) In Article 54, in paragraph (3), omit from “A decision to this effect may be taken only in the following cases:” to the end of that paragraph.

(3) Omit Article 105(2).

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(1) 2020 c. 21.

(2) EUR 2013/1306. The relevant amending instruments are S.I. 2020/90, 576 and 1513. EUR 2013/1306, insofar as it relates to direct payment schemes, was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020 (c. 2). This Regulation is also amended by S.I. 2019/748 and 763. However, by virtue of the amendments in S.I. 2020/1445, these amendments do not have effect in relation to direct payment schemes.

(4) Omit Article 106.

### **Amendment of Regulation (EU) No 1307/2013**

**3.**—(1) Regulation (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy<sup>(3)</sup> is amended as follows.

(2) Omit Article 11.

(3) After Article 10, insert—

*“Article 11A*

*Progressive reductions of direct payments*

The Secretary of State must reduce the amount of the direct payments to be granted for the claim year 2021 to a farmer under Title III by the percentage specified in column 2 of the following table applied to the portion of the direct payment specified in column 1 of that table—

<i>Column 1</i>	<i>Column 2</i>
<b>Portion of the direct payment</b>	<b>Claim year 2021: reduction percentage to be applied to the corresponding portion of the direct payment</b>
£30,000.00 or less	5%
amounts above £30,000.00 and no more than £50,000.00	10%
amounts above £50,000.00 and no more than £150,000.00	20%
amounts above £150,000.00	25%”

(4) In Article 32(1), for “Article 11” substitute “Article 11A”.

(5) In Article 50(4), for “Article 11” substitute “Article 11A”.

### **Amendment of Commission Delegated Regulation (EU) No 640/2014**

**4.**—(1) Commission Delegated Regulation (EU) No 640/2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance<sup>(4)</sup>, is amended as follows.

(2) In Article 2(1), in subparagraph (22) for “that Regulation, permanent pasture referred to in Article 45(2)(a) of that Regulation” substitute “Regulation (EU) No 1307/2013”.

(3) EUR 2013/1307. Relevant amending instruments are [S.I. 2020/91](#) and 1513. EUR 2013/1307 was amended by section 5 of the Direct Payments to Farmers (Legislative Continuity) Act 2020. This Regulation was incorporated into domestic law by section 1 of that Act.

(4) EUR 2014/640, relevant amending instruments are, in relation to direct payment schemes, [S.I. 2020/90](#) and, in relation to direct payment schemes in England, [S.I. 2020/551](#), 1387 and 1513. EUR 2014/640, insofar as it relates to direct payment schemes, was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020. EUR 2014/640 is also amended with effect from IP completion day by [S.I. 2019/765](#). However, by virtue of the amendments in [S.I. 2020/1445](#) those amendments do not have effect in relation to direct payment schemes.

#### **Amendment of Commission Implementing Regulation (EU) No 809/2014**

5.—(1) Commission Implementing Regulation (EU) No 809/2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance(5), insofar as it relates to direct payments, is amended as follows.

(2) In Article 6—

- (a) omit paragraph 3;
- (b) in paragraph 4, for “paragraph 3” substitute “paragraph 2”;
- (c) after paragraph 4, insert—

“5. The sum of the direct payments resulting from the application of paragraph 4 is to serve as a basis for applying the reduction of payments provided for in Article 11A of Regulation (EU) No 1307/2013.”.

(3) In Article 23(5), for the first subparagraph, substitute—

“On duly justified grounds, the Secretary of State may decide not to recover undue payment entitlements.”.

#### **Amendment of Commission Implementing Regulation (EU) No 908/2014**

6.—(1) Commission Implementing Regulation (EU) No 908/2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency(6), insofar as it relates to direct payments, is amended as follows.

(2) In Article 27, in paragraph (1), for the last sentence substitute “On duly justified grounds, the Secretary of State may decide not to recover the interest on undue payments.”.

#### **Amendment of the Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014**

7.—(1) The Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014(7) is amended as follows.

- (2) Omit regulation 7.
- (3) In regulation 9(1), for “25%” substitute “17.5%”.

#### **Amendment of the Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014**

8.—(1) The Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014(8) is amended as follows.

- (2) Omit regulation 34.

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(5) EUR 2014/809. Relevant amending instruments are [S.I. 2020/90](#) and 1513. EUR 2014/809 is also amended in relation to direct payment schemes in England by [S.I. 2020/510](#) and 575. EUR 2014/809, insofar as it relates to direct payment schemes, was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020. EUR 2014/809 is also amended with effect from IP completion day by [S.I. 2019/765](#). However, by virtue of the amendments in [S.I. 2020/1445](#) those amendments do not have effect in relation to direct payment schemes.

(6) EUR 2014/908. The relevant amending instrument is [S.I. 2020/90](#). EUR 2014/908, insofar as it relates to direct payment schemes, was incorporated into domestic law by section 1 of the Direct Payments to Farmers (Legislative Continuity) Act 2020. EUR 2014/908 is also amended with effect from IP completion day by [S.I. 2019/765](#). However, by virtue of the amendments in [S.I. 2020/1445](#) those amendments do not have effect in relation to direct payment schemes.

(7) [S.I. 2014/3259](#), to which there are amendments, but none is relevant.

(8) [S.I. 2014/3263](#). The relevant amending instrument is [S.I. 2020/576](#).

25th March 2021

*Victoria Prentis*  
Parliamentary Under Secretary of State  
Department for Environment, Food and Rural  
Affairs

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend Regulation (EU) No 1307/2013 (“the Direct Payments Regulation”) to insert a new Article 11A into the Direct Payments Regulation to introduce percentage reductions that must be applied to payments to be granted to a farmer under the direct payment schemes for the 2021 claim year (regulation 3(3)). Commission Implementing Regulation (EU) No 809/2014 and the Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014 (S.I. 2014/3259) are amended as a consequence of this amendment.

Regulations 2(2), 5(3) and 6(2) amend Regulation (EU) No 1306/2013, Commission Implementing Regulation (EU) No 809/2014 and Commission Implementing Regulation 908/2014 respectively to remove the monetary thresholds, below which the Secretary of State may decide not to recover overpayments, undue payment entitlements or interest on undue payments made to farmers.

These Regulations also amend Regulation (EU) No 1306/2013, the Direct Payments Regulation, Commission Implementing Regulation (EU) No 809/2014, Commission Implementing Regulation (EU) No 908/2014 and the Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014 (S.I. 2014/3263) as a consequence of direct payments to farmers in England being calculated in sterling instead of Euros from the 2021 claim year.

Regulation 4(2) amends Article 2(1)(22) of Commission Delegated Regulation (EU) No 640/2014 in order to omit a cross reference to Article 45(2)(a) of the Direct Payments Regulation which is omitted by regulation 5(6) of the Direct Payments to Farmers and Cross-Compliance (Simplifications) (England) (Amendment) Regulations 2020 (S.I. 2020/1387).

Regulation 7(3) amends regulation 9(1) of S.I. 2014/3259 in order to amend the percentage figure used in the calculation of the young farmer payments from 25% to 17.5% as a consequence of the amendment of Article 50(6)(a) of the Direct Payments Regulation by S.I. 2020/1387. These amendments should have been made by S.I. 2020/1387 and therefore these Regulations are being issued free of charge to all known recipients of S.I. 2020/1387.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private or voluntary sector is foreseen.