

NB: Unofficial translation
Ministry of Agriculture and Forestry

Government Decree
on the Implementation of the Single Payment Scheme
(758/2005)

Chapter 1 — General provisions

Section 1 — Scope

In addition to the provisions laid down in the Act on the Implementation of the Single Payment Scheme (557/2005), hereinafter the *SPS Act*, and in the Government Decree on support areas of the Single Payment Scheme, coupled payments and set-aside land (604/2005), hereinafter *SPS Decree I*, the provisions of this Decree apply in the implementation of the Common Agricultural Policy of the European Community in Finland.

Section 2 — Definitions

In this Decree:

- 1) the *Single Payment Scheme* means the single payment scheme established in Title III of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001, hereinafter the *Council SPS Regulation*;
- 2) *Commission Regulation I* means Commission Regulation (EC) No 796/2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers;
- 3) *Commission Regulation II* means Commission Regulation (EC) No 795/2004 laying down detailed rules for the implementation of the single payment scheme provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers;
- 4) *Commission Regulation III* means Commission Regulation (EC) No 1973/2004 of 29 October 2004 laying down detailed rules for the application of Council Regulation (EC) No 1782/2003 as regards the support schemes provided for in Titles IV and IVa of that Regulation and the use of land set aside for the production of raw materials;
- 5) the *hybrid model* means a model of payment in the reformed scheme where farm payments are a hybrid of flat-rate payments and farm-specific top-ups;
- 6) the *payment entitlement* means the reference amount per hectare confirmed for a farmer on the basis of the Single Payment Scheme under the hybrid model;
- 7) the *set-aside entitlement* means the payment entitlement per hectare granted to a farmer under Article 53 and Article 63(2) of the Council SPS Regulation;

- 8) the *payment entitlement subject to special conditions* means the entitlement referred to in Articles 47 and 48 of the Council SPS Regulation;
- 9) the *farm payment entitlement* means the reference amount per hectare or other reference amount referred to in indents 6 to 8 above;
- 10) the *national reserve* means the reserve referred to in Article 42 of the Council SPS Regulation;
- 11) the *dairy premium* means the dairy premium referred to in Article 95 of the Council SPS Regulation;
- 12) the *aid for starch potato* means the aid paid to producers of starch potato under Article 93 of the Council SPS Regulation;
- 13) the *bull and steer premium* means the special premium referred to in Article 123 of the Council SPS Regulation;
- 14) *permanent pasture* means the land referred to in Article 5(2) of the Council SPS Regulation;
- 15) the *reference period* means the period referred to in Article 38 of the Council SPS Regulation;
- 16) the *aid year* means the year during which payments under the Single Payment Scheme are applied for;
- 17) the *aid region* means the region referred to in section 3 of SPS Decree I;
- 18) an *animal place* means a place to keep an animal such that the technical properties of the building enable compliance with the requirements of section 4 of the Animal Protection Act (247/1996) to the extent of housing no more than one full-grown animal at one time;
- 19) the *farm payment entitlement application* means an application for confirmation of payment entitlements referred to in Article 12 of Commission Regulation II;
- 20) the *top-up* means the farm-specific top-up referred to in section 3(2) and section 3(3) of the SPS Act.

Chapter 2 — Farm payment entitlements

Section 3 — Granting and confirming farm payment entitlements

- (1) A person applying for farm payment entitlements must demonstrate that he or she is a farmer on 28 April 2006 in order to be eligible for farm payment entitlements. Declaring eligible hectares in the farm payment entitlement application is considered sufficient proof.
- (2) Farmers with no arable land or permanent pasture referred to in the Council SPS Regulation must be practicing animal husbandry or similar agricultural activity on 28 April 2006. Presentation of an environmental permit concerning domestic animal production approved by a competent authority or other reliable written record of the nature of the farmer's agricultural activity is considered sufficient proof.
- (3) The land eligible for farm payment entitlements must be at the disposal of the farmer who originally lodged the application for confirming payment entitlements on 28 April 2006. The land being at the farmer's disposal in a way acceptable for the granting of payment entitlement or set-aside entitlement may comprise ownership, possession based on a land lease contract, or settlement possession or other title-based possession. If the land lease contract is verbal and has been concluded for no longer than two years, reliable written proof of the existence and content of such a contract must be presented.

Section 4 — *Entitlements under Article 60 of the Council SPS Regulation*

- (1) The entitlement under Article 60 of the Council SPS Regulation included in a payment entitlement can be granted within the following regional limits:

Region	Limit
A	3,425
B-C1	23,152
C2-C4	11,429

- (2) The entitlement under Article 60 of the Council SPS Regulation will primarily be confirmed in accordance with paragraph 3 of the Article within the limit of the number of hectares used for the production of the products referred to in paragraph 1 of the Article in 2003, taking into account force majeure and special conditions, and the investments defined in section 12 of this Decree.
- (3) If a farmer wishes to change the reference year because of force majeure or special conditions, the year 2004 or 2005 can be used as the reference year instead of 2003. If the force majeure or special conditions have persisted from 2003 to 2005, the year 2002 or 2001 can be used as the reference year.
- (4) If a farmer wishes to change the reference year because of an investment defined in section 12, the year 2004 or 2005 can be used as the reference year instead of 2003.
- (5) After confirming the entitlements under Article 60 of the Council SPS Regulation, entitlements referred to in paragraph 4 of the Article will be confirmed so that they are allocated to farmers producing crops referred to in paragraph 1 of the Article whose cultivation area has increased between 2003 and 2005 and, secondly, to the farmers whose cultivation areas has increased between 2005 and 2006.
- (6) If the total number of the entitlements under Article 60(3) of the Council SPS Regulation exceeds the ceiling in any region, the entitlements granted to all farms in the region under Article 60 of the Council SPS Regulation will be reduced by an equal percentage.

Chapter 3 — **Investments**

Section 5 — *Beef production investments*

- (1) The national reserve can be used for increases to farm payment entitlements granted on the basis of investments laid down in Article 21 of Commission Regulation II referred to in section 8(4) of the SPS Act, provided that the relevant one-off investment in beef production:
- 1) totals at least EUR 5,000 ex VAT and concerns a production building which is used for the raising of male bovine animals at least 9 months old where after the expansion at least 40 per cent of the animal places calculated from the number of animals are in use by 31 December 2005; or
 - 2) in the case of a lease contract with a period of at least six years, concerns a production building which is used for the raising of male bovine animals at least 9 months old and whose lease began no later than 15 May 2004 where at least 40 per cent of the animal places calculated from the number of animals are in use by 31 December 2005; or
 - 3) has increased the average number of male bovine animals on the farm by at least 25 per cent and at least six livestock units between 16 May 2003 and 15 May 2004, inclusive, compared with the average livestock unit count of the farm for the farm-specific reference period.

- (2) The basis for calculating the livestock units during the period between 16 May 2003 and 15 May 2004, inclusive, referred to above in subsection 1(3), will be the number of male bovine animals at least six months old on the farm entered in the livestock register, multiplied by the coefficient given in the conversion table in Article 131(2)(a) of the Council SPS Regulation.

Section 6 — *Beginning beef production investments*

The following are considered to mark the beginning of the investment referred to in section 5(1)(1) above:

- 1) an approved investment aid application for an investment referred to above in section 5(1)(1) was lodged during the farm-specific reference period or no later than 31 December 2003; or
- 2) the farmer can demonstrate that a building permit application, action permit application or environmental permit application involving investments referred to in section 5(1)(1) above was pending during the farm-specific reference period or no later than 15 May 2004.

Section 7 — *Increase in farm payment entitlements due to beef production investments*

- (1) In the cases referred to above in section 5(1)(1) and 5(1)(2), each animal place for raising male bovine animals at least 9 months old entitles the farmer to 80 per cent of the percentage laid down in section 3(3) of the SPS Act of the amount per animal for the calendar year 2002 defined in Article 4(7) of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal.
- (2) In the case referred to above in section 5(1)(3), the reference amount to be granted on the basis of the number of male bovine animals at least 6 months old in livestock units is calculated by taking the percentage provided for in section 3(3) of the SPS Act of the farm-specific reference amount laid down in Appendix VII of the Council SPS Regulation in accordance with the special premiums laid down in Article 4 of Council Regulation (EC) No 1254/1999 determined on the basis of the farm-specific reference period and multiplying it with the coefficient obtained by dividing the number of male bovine animals in livestock units between 16 May 2003 and 15 May 2004, inclusive, by the number of male bovine animals in livestock units during the farm-specific reference period.
- (3) The maximum reference amount granted is 1.8 livestock units per hectare in the manner laid down in subsections 1 and 2 above. The area used in the calculation is the eligible area of arable land and permanent pasture declared in the support application for 2005 and approved in any entitlement monitoring inspection. The number of livestock units will be calculated on the basis of the reference quantity of milk on 1 April 2005, the suckler cow premiums and ewe premiums for 2005, and the premiums granted on the basis of male bovine animals at least 6 months old calculated on the basis of the farm-specific reference period, as laid down in Article 117 of Commission SPS Regulation III.

Section 8 — *Starch potato production investments*

- (1) The national reserve can be used for increases to farm payment entitlements granted on the basis of investments laid down in Article 21 of Commission Regulation II and referred to in section 8(4) of the SPS Act, provided that the relevant one-off investment in starch potato production:
 - 1) totals at least EUR 5,000 excluding VAT and concerns machinery or equipment used in the cultivation of starch potato; or

- 2) totals at least EUR 5,000 as the farm's contribution to the purchase price exclusive of VAT of an investment referred to in paragraph 1 obtained for collective use or for a cooperative enterprise; or
 - 3) totals at least EUR 5,000 excluding VAT and concerns buildings or structures used as temporary storage for starch potato; or
 - 4) constitutes a land lease contract with a period of at least six years concerning land eligible for farm payment entitlements or a contract fulfilling the formal requirements of Chapter 2, section 1 of the Code of Real Estate (540/1995) concerning a real estate transaction, as the result of which the contract farming area for starch potato increased no later than 31 December 2005.
- (2) In the case of an investment for a cooperative enterprise referred to in subsection 1(2) above, the farm's contribution is calculated by dividing the purchase price exclusive of VAT of the investment according to the percentages of the shares in the cooperative enterprise held by members of family enterprises referred to in section 1 of the Farmers' Pensions Act (467/1969).
 - (3) An increase to farm payment entitlements may be granted if, after the investment is made, the amount of contract farming production in tonnes of starch for 2005 has increased by at least 10 tonnes of starch compared with the production amount of potato starch which forms the basis for the reference amount of the farm-specific reference period used for determining top-ups.
 - (4) The increase to the reference amount of starch potato is determined on the basis of potato starch production amounts calculated from the contract farming production of 2005.

Section 9 — *Beginning starch potato production investments*

The following are considered to mark the beginning of the investment referred to in section 8 above:

- 1) the investment in machinery or equipment needed in starch potato cultivation was made or a contract binding on both parties was concluded with the seller of the machinery or equipment during the farm-specific reference period or no later than 15 May 2004 so that the transaction was completed no later than 31 December 2004; or
- 2) an approved investment aid application for a building or structure to be used as temporary storage for starch potato was lodged during the farm-specific reference period or no later than 31 December 2003; or
- 3) the farmer can demonstrate that a building permit application, action permit application or environmental permit application concerning the building or structure referred to above in paragraph 2 was pending during the farm-specific reference period or no later than 15 May 2004; or
- 4) the contract referred to in section 8(1)(4) was concluded during the farm-specific reference period or no later than 15 May 2004.

Section 10 — *Using the national reserve for reconversion of production*

- (1) The national reserve can be used for increasing farm payment entitlements granted on the basis of reconversion of production laid down in Article 23 of Commission Regulation II and referred to in section 8(4) of the SPS Act, provided that:
 - 1) the farmer can demonstrate that he or she had male bovine animals aged at least 6 months on 15 May 2004 at the latest; or
 - 2) the farmer can demonstrate that he or she was engaged in contract farming of starch potato on 15 May 2004 at the latest.

- (2) In the case of subsection 1(1), the amount of production is determined and the reference amount granted on the basis of special premiums laid down in Article 4 of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal applied for in 2004, and in the case of subsection 1(2), for the potato starch production amount calculated on the basis of contract farming production for 2005.
- (3) If a farmer holds a reference quantity of milk on 31 March 2006, he or she cannot be granted an increase to payment entitlements from the national reserve under this section.

Section 11 — Granting allowances under Article 60 of the Council SPS Regulation to a farm that has made investments

- (1) If a farmer has begun an investment in machinery and equipment or buildings and structures to increase production capacity in production eligible for an allowance under Article 60 of the Council SPS Regulation between 1 January 2003 and 15 May 2004, inclusive, and this investment has enabled him to increase the number of hectares in production, he or she may, in derogation from section 4, request that the reference year for granting the entitlement be 2004 or 2005.
- (2) The reference year for granting the allowances referred to in Article 60 of the Council SPS Regulation may be changed on the basis of an investment, provided that the investment in the production referred to in subsection 1 above is a one-off investment which:
 - 1) totals at least EUR 5,000 excluding VAT and concerns machinery and equipment referred to in subsection 1; or
 - 2) totals at least EUR 5,000 as the farm's contribution to the purchase price exclusive of VAT of an investment referred to in paragraph 1 obtained for collective use or for a cooperative enterprise; or
 - 3) totals at least EUR 5,000 excluding VAT and concerns buildings or structures referred to in subsection 1; or
 - 4) constitutes a lease contract with a period of at least six years concerning a production building used for production eligible for allowances under Article 60 of the Council SPS Regulation or a contract fulfilling the formal requirements of Chapter 2, section 1 of the Code of Real Estate (540/1995) concerning a real estate transaction, as a result of which the number of hectares used for production eligible for allowances under Article 60 of the Council SPS Regulation has increased no later than 31 December 2005.

Section 12 — Beginning investments in cases of allowances granted under Article 60

The following are considered to mark the beginning of the investment referred to in section 11 above:

- 1) the investment in machinery or equipment needed in production eligible for allowances under Article 60 of the Council SPS Regulation was made or a contract binding on both parties was concluded with the seller of the machinery or equipment between 1 January 2003 and 15 May 2005, inclusive; or
- 2) an approved investment aid application for the investments referred to in section 11 was lodged between 1 January 2003 and 31 December 2003, inclusive; or
- 3) the farmer can demonstrate that a building permit application, action permit application or environmental permit application concerning the building or structure referred to in paragraph 2 above was lodged between 1 January 2003 and 15 May 2004, inclusive; or

4) the contract referred to in section 11 subsection 2(4) was concluded between 1 January 2003 and 15 May 2004, inclusive.

Chapter 4 — **Entry into force**

Section 13 — *Entry into force*

- (1) This Decree will enter into force on 28 September 2005.
- (2) Measures necessary for the implementation of this Decree may be undertaken before its entry into force.