

# SINGLE FARM PAYMENT SCHEME (SFPS)

## SUPPLEMENTARY INFORMATION LEAFLET

### TRANSFER OF PAYMENT ENTITLEMENTS (SALE, LEASE OR INHERITANCE)

(AMENDED NOVEMBER 2009)

#### SCOPE OF LEAFLET

This leaflet contains information on the transfer of Single Farm Payment Scheme (SFPS) entitlements. The categories of entitlements are standard, and those that come with special conditions. Please make sure that you read this leaflet carefully before you complete form SFPS 1. If you need more information, please contact the:

Entitlement Transfer Unit.  
10 Keith Street  
Stornoway  
HS1 2QG

Telephone: 01851 702392  
Fax: 01851 705793  
Email: [EntitlementTransferUnit@scotland.gsi.gov.uk](mailto:EntitlementTransferUnit@scotland.gsi.gov.uk)

IF YOU ARE TRANSFERRING YOUR FARM IN ITS ENTIRETY COMPLETE WITH ENTITLEMENTS TO ANOTHER FARMER, AFTER 15 MAY, AND YOU WISH THAT FARMER TO RECEIVE THE SINGLE FARM PAYMENT FOR THE YEAR IN QUESTION, YOU SHOULD NOT USE THIS FORM. PLEASE USE THE “WHOLE HOLDING TRANSFER” FORM AVAILABLE FROM AREA OFFICES. THERE ARE SEPARATE RULES COVERING THIS TYPE OF TRANSFER.

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## Section 1. Are you eligible to transfer your entitlements?

- 1.1 If you own SFPS entitlements you are eligible to transfer them. This includes entitlements awarded to you when the scheme began in 2005, and those you have since purchased or inherited.
- 1.2 You can transfer entitlements with or without land, subject to the conditions laid down in Section 2. You can sell your entitlements, or lease them for a specific period, after which at the end of the lease they will be returned to you.
- 1.3 The person or business that will takeover your entitlements must meet the definition of a “farmer” as determined by the European Regulations **at the time of transfer**. That is a natural or legal person (or a group of natural or legal persons) whose holding (production units) are situated within Scotland, and who exercises an agricultural activity. An agricultural activity can include the production, rearing or growing of agricultural products. This includes harvesting, milking, breeding animals and keeping animals for farming purposes, or maintaining land in a good agricultural and environmental condition). **Please note if the buyer or lessee do not meet this definition the request to transfer will be rejected.**
- 1.4 A key part of the “farmer” definition is the requirement to have an agricultural holding or production units. The minimum size of a holding is 0.3 hectares; however, to receive payment under the SFPS you must declare a minimum of 3 hectares of eligible land.
- 1.5 Payment entitlements are calculated to two decimal places. This means you can transfer fractions of payment entitlements that are no smaller than 0.01.

## Section 2. The type of transfer

- 2.1 You can transfer your entitlements **with or without land**. However, if you chose to transfer them with land you must do so with an equivalent number of eligible hectares; and the land you transfer must be eligible to support a claim under the SFPS. **Please note that you cannot lease your entitlements on their own without land**. When arranging a lease the start and end dates of the lease must be the same for both the entitlements and land.
- 2.2 **Up to 31 December 2011**, if you hold Payment Entitlements with Special Conditions (PESC) and intend to transfer them, you should advise the transferee that the “special conditions” refer to the requirement declare at least 50% of the livestock units (LUs) **on which the entitlement was based**. You have the option to transfer all of your PESCs, or only some of them. If you transfer them all the requirement for a livestock declaration will fall to the transferee.

For example:

Farmer A transfers his entitlements to Farmer B. In the reference period Farmer A claimed for 20 Bulls in 2000, 2001 and 2002. These are converted into LUs using the following calculation:

$$60 \times 0.6 = 36 = 36/3 = 12. \text{ 50\% of the 12 LUs is 6.}$$

Farmer B would therefore be expected to retain 6 LUs on his holding throughout the scheme year.

If however you only transfer some of them, please note we will change the entitlements transferred from PESC to type Standard entitlements, and the transferee will need to claim eligible land to receive payment.

- 2.3 If you transfer all your PESC entitlements, it is open to the transferee to have these converted to standard entitlements if they wish. **After 31 December 2011**, however, all PESC entitlements transferred will be changed to type Standard automatically, unless the transfer is through inheritance.

### **Section 3. When can I transfer my entitlements?**

- 3.1 You can transfer your entitlements at any time. The only condition is that you must give us at least 6 weeks notice to allow us the time to carry out administrative checks. These checks might include a validation check against our field register.
- 3.2 Please note that we have no discretion under EC Regulations to vary this period of notice. If you give less than this minimum period, your application will be rejected automatically. Please help us process your application by giving as much advance notice as you can.

### **Section 4. The application process**

- 4.1 You must tell us about all transfers. You can do this by completing form SFPS 1 and sending it to the Entitlement Transfer Unit 6 weeks before the effective date of the transfer (in other words the date the actual transfer takes place).
- 4.2 **You must provide confirmation of the number of entitlements being transferred, and whether the transfer is with or without land.** This confirmation will normally be a copy of the sale or lease agreement, or in the case of inheritance a statement or notification from the executors. If the means of transfer is not by sale or lease, we might need to discuss and agree with you an appropriate form of confirmation. Please see Annex B for an example of a sale or lease agreement.
- 4.3 You can make multiple transfers (for example, some entitlements with land and some entitlements without land) using the same form, as long you are transferring these to the same farmer. Otherwise you must use a separate form for each transfer.

### **Section 5. Who will receive the payment?**

- 5.1 We will pay on entitlements held as at 15 May, therefore, the effective date of transfer will determine who gets paid in any given year. For example, if you wish the transferee to receive payment, **you must inform us on or before 2 April**. If it takes place after 2 April, any payment that is due will go to you if have submitted a valid Single Application Form (SAF). The date of 2 April is 6 weeks prior to the closing

date for the SAF on 15 May. This date may change if 15 May falls on a weekend or on a public holiday

- 5.2 Please note that if for any reason we have to reject your application, and you have submitted it near to 2 April (as explained above), you will not be able to submit another application in time to allow the transferee to claim for the entitlements in that year. In this scenario you will be the one responsible for the use of these entitlements in that year.
- 5.3 **Both parties should also be aware that if after we finalise a transfer we discover that the seller/lessor should not have been awarded the entitlements, we must take back the appropriate entitlements and ask both parties to repay, with interest, any monies not due to them.**

## **Section 6. Legal Base**

- 6.1 The trading of entitlements is permitted under Article 43 of Council Regulation 73/2009, and Article 25 of Commission Regulation 795/2004.

## Annex A. List of other Area Office Addresses

<b>AYR</b>			
SGRPID			
Russell House	Tel No:01292 291300		
King Street	Fax No: 01292 291301		
AYR	E -mail: sgrpid.ayr@scotland.gsi.gov.uk		
KA8 OBE			
<b>BENBECULA</b>			
SGRPID	Tel No: 0300 244 9600		
Balivanich	Fax No: 0300 244 9601		
Isle of Benbecula	E-mail: sgrpid.benbecula@scotland.gsi.gov.uk		
PA88 5LA			
<b>DUMFRIES</b>			
SGRPID			
Government Buildings	Tel No:01387 274400		
161 Brooms Road	Fax No: 01387 274440		
DUMFRIES	E-mail: sgrpid.dumfries@scotland.gsi.gov.uk		
DG1 3ES			
<b>ELGIN</b>			
SGRPID			
32 Reidhaven Street	Tel No: 01343 569500		
ELGIN	Fax No: 01343 569501		
IV30 1QN	E-mail: sgrpid.elgin@scotland.gsi.gov.uk		
<b>GALASHIELS</b>			
SGRPID			
Cotgreen Road	Tel No: 01896 892400		
Tweedbank	Fax No: 01896 892424		
GALASHIELS	E-mail: sgrpid.galashiels@scotland.gsi.gov.uk		
TD1 3SG			
<b>GOLSPIE</b>			
The links			
Golspie Business Park			
Golspie			
Sutherland	Tel No: 01408 634063		
KW10 6UB	Fax: 01408 634014		
	E-mail: sgrpid@golspie@scotland.gsi.gov.uk		
<b>HAMILTON</b>			
SGRPID			
Cadzow Court	Tel No: 01698 462400		
3 Wellhall Road	Fax No: 01698 462401		
HAMILTON	E-mail: sgrpid.hamilton@scotland.gsi.gov.uk		
ML3 9BG			
<b>INVERNESS</b>			
SGRPID			
28 Longman Road	Tel No: 01463 234141		
INVERNESS	Fax No: 01463 714697		
IV1 1SF	E-mail: sgrpid.inverness@scotland.gsi.gov.uk		
<b>INVERURIE (Thainstone)</b>			
SGRPID			
Thainstone Court	Tel: 01467 626222		
INVERURIE	Fax: 01467 626217		
AB51 5YA	E-mail: sgrpid.inverurie@scotland.gsi.gov.uk		
<b>KIRKWALL</b>			
SGRPID			
Government Buildings	Tel No: 01856 875444		
Tankerness Lane	Fax No: 01856 873309		
KIRKWALL	E-mail: sgrpid.kirkwall@scotland.gsi.gov.uk		
KW15 1AG			
<b>LERWICK</b>			
SGRPID			
Charlotte House	Tel No: 01595 695054		
Commercial Road	Fax No: 01595 694254		
LERWICK	E-mail: sgrpid.lerwick@scotland.gsi.gov.uk		
ZE1 OHZ			
<b>OBAN</b>			
SGRPID			
Cameron House	Tel No: 0300 244 9340		
Albany Street	Fax No: 0300 244 9331		
OBAN	E-mail: sgrpid.oban@scotland.gsi.gov.uk		
PA34 4AE			
<b>PERTH</b>			
SGRPID			
Strathearn House			
Broxden Business Park	Tel No: 01738 602000		
Lamberkine Drive	Fax No: 01738 602001		
PERTH	E-mail: sgrpid.perth@scotland.gsi.gov.uk		
PH1 1RX			
<b>PORTREE</b>			
SGRPID			
Estate Office	Tel No: 01478 612516		
PORTREE	Fax No: 01478 613128		
IV51 9DH	E-mail: sgrpid.portree@scotland.gsi.gov.uk		
<b>STORNOWAY</b>			
SGRPID			
10 Keith Street	Tel No: 01851 702392		
STORNOWAY	Fax No: 01851 705793		
HS1 2QG	E-mail: sgrpid.stornoway@scotland.gsi.gov.uk		
<b>THURSO</b>			
SGRPID			
Strathbeg House	Tel No: 01847 893104		
Clarence Street	Fax No: 01847 895983		
THURSO	E-mail: sgrpid.thurso@scotland.gsi.gov.uk		
KW14 7JS			