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EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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DECISIONS

- ★ **Commission Implementing Decision (EU) 2016/1155 of 14 July 2016 on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and the Council** *(notified under document C(2016) 4363) ⁽¹⁾* 80
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II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2016/1149

of 15 April 2016

supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 ⁽¹⁾, and in particular Article 53 thereof,

Having regard to 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 ⁽²⁾, and in particular Article 63(4) thereof,

Whereas:

- (1) Regulation (EU) No 1308/2013 has repealed and replaced Council Regulation (EC) No 1234/2007 ⁽³⁾. Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 contains rules on national support programmes in the wine sector and empowers the Commission to adopt delegated and implementing acts in that respect. In order to ensure the smooth functioning of the support programmes in the wine sector in the new legal framework, certain rules have to be adopted by means of such acts. Those acts should replace the relevant implementing rules of Commission Regulation (EC) No 555/2008 ⁽⁴⁾.
- (2) Apart from adapting the relevant provisions of Regulation (EC) No 555/2008 to Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013, this Regulation aims at simplifying and clarifying certain provisions of Regulation (EC) No 555/2008 with a view to reducing the error rate and to adapting them to the reality of the procedures and operations in place. At the same time, this Regulation intends to limit the administrative burden for operators and the national administrations to the maximum extent possible.
- (3) Title V of Regulation (EU) No 1306/2013 establishes rules on control systems and penalties and empowers the Commission to adopt delegated acts laying down rules on the conditions to withdraw totally or partially the support granted or not to pay a part or all of the support when the beneficiary does not comply with the eligibility criteria, commitments or other obligations relating to the conditions for the granting of the aid or

⁽¹⁾ OJ L 347, 20.12.2013, p. 671.

⁽²⁾ OJ L 347, 20.12.2013, p. 549.

⁽³⁾ Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p. 1).

⁽⁴⁾ Commission Regulation (EC) No 555/2008 of 27 June 2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008 on the common organisation of the market in wine as regards support programmes, trade with third countries, production potential and on controls in the wine sector (OJ L 170, 30.6.2008, p. 1).

support. In order to clarify the payment to be made in cases of partial implementation of an approved operation, it is necessary to lay down specific rules in this Regulation.

- (4) In the interest of legal certainty, certain terms used in this Regulation and in Commission Implementing Regulation (EU) 2016/1150 ⁽¹⁾ should be defined. In particular, it is appropriate to establish who is eligible for support under each single measure. In order to build synergies, associations of producers that are not formally recognised can be eligible beneficiaries even if they only associate in a temporary form in conformity to the provisions of the applicable national legislation.
- (5) In order to guarantee that the support measures are implemented efficiently and effectively, eligibility criteria should be established for each measure as well as priority criteria to give preference to specific beneficiaries or operations aiming at attaining the main objectives of each measure.
- (6) Article 45 of Regulation (EU) No 1308/2013 provides for support for promotion. In the interest of legal certainty, the information and promotion operations and the respective eligible actions should be defined. In any case they should not contradict the position of the public health authorities of the Member States and they should be in accordance with the national legislation of the third country where they are implemented.
- (7) With a view to ensuring the maximum effectiveness of the information and promotion operations, they should be open to operators and their associations in all their forms. Bodies governed by public law should not be the only beneficiaries in a given Member State. In order to avoid the promotion of individual brands in the Union, single operators should not benefit from support for information measures in Member States.
- (8) In order to ensure that the largest number of operators can benefit from support and that information and promotion operations are as diversified as possible, this support should be limited to a maximum period of three years for the same beneficiary in the same third-country or third country market. Where the need for an extension is demonstrated in terms of consolidation of the information operation and of the penetration in that market, Member States should be allowed to authorise an extension for a total maximum period of two years.
- (9) With a view to encouraging synergies, as regards support for information in Member States, preference should be given to operations encompassing several Member States or regions or several protected designations of origin or protected geographical indications.
- (10) As regards support for promotion in third countries, priority should be given to new promotion operations, in order to support operators who have not benefitted from the scheme before, or operators who want to open new markets in third countries. In order to support the penetration in third countries where imports of Union wine are not yet consolidated, Member States should be allowed to give priority to operators targeting emerging third-country markets.
- (11) The costs that cannot be considered eligible for support for restructuring and conversion of vineyards should be specified, including the costs for grubbing-up and for compensating income loss in the framework of support for replanting for plant-health reasons, which only aims at supporting the costs for replanting after mandatory phytosanitary measures under certain conditions.
- (12) As regards support for green harvesting, Member States should be allowed to apply restrictions regarding varieties, specific environmental and phytosanitary risks and the method to be used to carry out that measure in order to be able to adapt the implementation of that measure to the specific needs resulting from their market situation and to the conditions of the areas planted with vines, while taking into consideration the impact of the different green harvesting methods. However, certain conditions for the proper functioning of the measure should be established. In addition, a maximum period of duration of support should be fixed in order to ensure that the measure does not become a permanent alternative outlet for products compared to placing them on the market.
- (13) It is necessary to lay down rules concerning support for mutual funds. The rules should aim at preventing abuses and provide for limits in time and in financial terms. Furthermore, in order to encourage the use of the support measure, it is appropriate to provide for the same level of contribution for all Member States.

⁽¹⁾ Commission Implementing Regulation (EU) 2016/1150 of 15 April 2016 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector (see page 23 of this Official Journal).

- (14) Certain conditions for support for the harvest insurance should be established. In particular, it is appropriate to derogate from the rule providing for payments to be made in full to beneficiaries and to allow under certain conditions that support is paid to intermediaries in order to avoid undue administrative burden, provided that this does not distort the competition in the insurance market.
- (15) The eligible actions and eligible costs for support for investments and innovation should be established. In particular, it is appropriate to allow the participation of research and development centres in the innovation operation and to give priority to the operations where research and development centres participate. Moreover, interbranch organisations should be allowed to be co-beneficiaries of innovation operations. In addition, as regards support for investments and for innovation in the wine sector it is important to specify, for clarity reasons, that simple replacement investments cannot be considered as eligible costs, so as to make sure that the aim of the measure, inter alia, the improvement in terms of adjustment to market demand and increased competitiveness, is met by such support.
- (16) The disposal of wine by-products is subject to the rules set out in Articles 21, 22 and 23(1) and (2) of Regulation (EC) No 555/2008. Where the disposal is carried out with by-product distillation, certified distillers can benefit from support under Article 52 of Regulation (EU) No 1308/2013. In this respect, it is appropriate to clarify the meaning of 'raw alcohol' and to exclude the use of alcohol obtained for the purposes of the food and drink industry to avoid distortion of competition.
- (17) Rules should be laid down for all relevant measures to ensure that clear demarcation criteria are introduced in the support programmes to exclude that actions or operations financed under the common organisation of the market are also financed under other Funds. Those rules should allow Member States to establish at the level of the support programme any type of demarcation they consider as the most appropriate, provided that it enables to clearly define *a priori* which Fund should finance any given action or operation applied for by a specific operator.
- (18) As regards support for restructuring and green harvesting, Member States should have a margin of discretion in deciding on the details of the scope and levels of the support, including in particular simplified cost reimbursement methods, contributions in kind and maximum levels of support, within the constraints laid down in Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 and the provisions adopted in pursuance thereof. Common rules should be laid down in that respect.
- (19) In respect of the support for promotion and innovation, it is appropriate to lay down rules on the eligibility and the calculation of personnel and administrative costs, so as to ensure that they are applied in a uniform manner at Union level.
- (20) In order to consider the totality of the costs incurred and definitely borne by the beneficiary when implementing an eligible operation, and in line with the rule concerning the award of grants applicable to other Union Funds such as provided for in Article 69(3)(c) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council ⁽¹⁾, non-recoverable value added tax should be eligible for support, provided that certain conditions are met. Those conditions should be specified.
- (21) In order to ensure the spending of the funds reserved for the support programmes, it is appropriate to provide for advance payments. In particular, it is necessary to lay down in which cases advance payments may be made and to make advance payments conditional on the lodging of a security.
- (22) It is appropriate to specify that no support should be paid to producers with unlawful plantings or with areas planted with vines without authorisation.
- (23) In order to protect the financial interests of the Union, it should be specified that support may be paid to beneficiaries only after the conclusion of all due final checks, except for advance payments, which are subject to the lodging of a security.

⁽¹⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

- (24) Under certain conditions, changes to the operations submitted by beneficiaries and approved by the competent authority should be allowed. Full flexibility should be granted as regards minor changes, as provided for by the Member State. In any case, financial transfers between the actions covered by an approved operation should be allowed within certain limits without prior approval by the competent authority.
- (25) Payment of the support after full implementation of the approved operations should be the general rule. However, it is appropriate to derogate from that general rule for restructuring and green harvesting, which are area-based measures. For those measures, rules should be established on the calculation of the amount to be paid or the amount to recover of the amount already paid in relation to the part that has not been implemented.
- (26) As regards restructuring and green harvesting, it should be clarified in which cases the measurement of the surface should comply with specific requirements. In all other cases, Member States should be required to lay down appropriate control methods to establish the actual extent of implementation of the operation.
- (27) Provisions should be made for resolving cases of *force majeure* and other exceptional circumstances to ensure fair treatment of producers.
- (28) In the interest of clarity and legal certainty, the provisions of Regulation (EC) No 555/2008 that are replaced by this Regulation and Implementing Regulation (EU) 2016/1150 should be deleted. Regulation (EC) No 555/2008 should therefore be amended accordingly.
- (29) Provision should be made for a smooth transition from the relevant rules of Regulation (EC) No 555/2008 to the new rules set out in this Regulation and Implementing Regulation (EU) 2016/1150,

HAS ADOPTED THIS REGULATION:

CHAPTER I

INTRODUCTORY PROVISIONS

Article 1

Scope and use of terms

1. This Regulation lays down provisions supplementing Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 on the support programmes in the wine sector.
2. This Regulation shall not affect the application of:
 - (a) specific provisions governing relations between Member States in combating fraud in the wine sector in so far as they are such as to facilitate the application of this Regulation;
 - (b) rules relating to:
 - (i) criminal proceedings or mutual assistance among Member States at judicial level in criminal matters;
 - (ii) the administrative penalties procedure
3. For the purposes of this Regulation, 'operation' means the action or the group of actions that are included in a project or contract submitted by an applicant and selected by the national authorities under a given support programme, corresponding to any of the activities under the measures referred to in Article 43 of Regulation (EU) No 1308/2013.

Article 2

Responsibility for expenditure

Member States shall bear the responsibility for any expenditure effected under their support programme or any changes to that programme submitted to the Commission in accordance with Articles 1 and 2 of Implementing Regulation (EU) 2016/1150 in case they do not become applicable in accordance with Article 41(4) or (5) of Regulation (EU) No 1308/2013.

CHAPTER II

PROVISIONS ON SPECIFIC SUPPORT MEASURES

SECTION 1

Promotion

Sub-section 1

Common Provisions*Article 3***Beneficiaries**

The beneficiaries of the support referred to in Article 45 of Regulation (EU) No 1308/2013 shall be professional organisations, wine producer organisations, associations of wine producer organisations, temporary or permanent associations of two or more producers, inter-branch organisations or, where a Member State decides so, bodies governed by public law within the meaning of Article 1(9) of Directive 2004/18/EC of the European Parliament and of the Council ⁽¹⁾.

Private companies may be beneficiaries of the measure referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013.

Member States shall not make a body governed by public law the sole beneficiary of the support.

*Article 4***Duration of the support**

The support for each information and promotion operation shall last no longer than three years for a given beneficiary in a given Member State for the measure referred to in point (a) of Article 45(1) of Regulation (EU) No 1308/2013 and for a given beneficiary in a given third country or third-country market for the measure referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013.

However, if justified in view of the effects of the operation, the support for an operation may be extended once for a maximum of two years or twice for a maximum of one year for each extension.

*Article 5***Eligible costs and reimbursement rules for information and promotion operations**

Subject to Article 45 of Regulation (EU) No 1308/2013 and Articles 6 and 9 of this Regulation, Member States shall lay down rules setting out the eligible actions and their respective eligible costs. Those rules shall be designed to ensure that the objectives of the schemes as laid down in Article 45 of Regulation (EU) No 1308/2013 are met.

Those rules shall provide in particular for the payment either on the basis of standard scales of unit costs calculated in accordance with Article 24 of Implementing Regulation (EU) 2016/1150 or on the basis of supporting documents to be submitted by the beneficiaries.

⁽¹⁾ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134, 30.4.2004, p. 114).

Sub-section 2

Information in the Member States*Article 6***Eligible operations**

1. The operations and their underlying actions for which the support referred to in point (a) of Article 45(1) of Regulation (EU) No 1308/2013 is applied shall consist of information for consumers in Member States as regards responsible consumption of wine and the risk associated with harmful alcohol consumption and the Union scheme of protected designations of origin and protected geographical indications in relation to the specific quality, reputation or other characteristics of wine due to its particular geographical environment or origin.
2. The information activities referred to in paragraph 1 may be carried out through information campaigns and through participation in events, fairs and exhibitions of national or Union importance.
3. The information disseminated shall be based on the intrinsic qualities of wine or its characteristics and shall not be brand-oriented or encourage the consumption of wine on the grounds of its specific origin. However, the origin of a wine may be indicated as part of the information activity.
4. All information concerning the effects of wine consumption on health and behaviour shall be based on generally accepted scientific data and shall be compatible with the approach of the national authority responsible for public health in the Member State where the operations are carried out.

*Article 7***Eligibility criteria**

Member States shall examine an application against the following criteria:

- (a) the operations and their underlying actions are clearly defined, describing the information activities and including the estimated cost;
- (b) assurances that the proposed costs of the operation are not in excess of the normal market rates;
- (c) assurances that beneficiaries have access to sufficient technical and financial resources to ensure that the operation is implemented effectively;
- (d) the consistency with the strategies proposed and the objectives set and the likely impact and success in raising consumer's awareness about responsible consumption of wine and the risk associated with harmful alcohol consumption or about the Union system of protected designation of origin and protected geographical indications.

*Article 8***Priority criteria**

1. Having examined the applications, Member States shall give preference to operations:
 - (a) concerning both the responsible consumption of wine and the Union systems covering protected designations of origin and protected geographical indications;

- (b) concerning several Member States;
- (c) concerning several administrative or wine regions;
- (d) concerning several protected designations of origin or protected geographical indications of the Union.

2. Member States may establish other priority criteria by indicating them in the support programme. Such other priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

Sub-section 3

Promotion in third countries

Article 9

Eligible operations

The operations and their underlying actions for which the support referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013 is applied shall consist in promotion of Union wines on third-country markets provided that:

- (a) the products are intended for direct consumption and export opportunities or potential new market outlets in the targeted third countries exist for them;
- (b) the origin of the product is indicated as part of an information or promotion operation in the case of wine with a protected designation of origin or a protected geographical indication;
- (c) the operation supported is clearly defined, including the specification of which products may be taken into account, the marketing actions and the estimated cost;
- (d) the information or promotion messages are based on the intrinsic qualities of the wine, and comply with the legislation applicable in the third countries at which they are targeted.

Article 10

Eligibility criteria

Member States shall examine an application against the following criteria:

- (a) the operations and their underlying actions are clearly defined, describing the promotion activities and including the estimated cost;
- (b) assurances that the proposed costs of the operation are not in excess of the normal market rates;
- (c) assurances that beneficiaries have access to enough technical capacity to face the specific constraints of trade with third countries and have sufficient resources to ensure that the operation is implemented as effectively as possible;
- (d) evidence submitted by beneficiaries that enough products in terms of quality and quantity will be available to ensure answering the market demand in the long run after the promotion operation;
- (e) the consistency between the strategies proposed and the objectives set and the likely impact and success in increasing demand for the products concerned.

*Article 11***Priority criteria**

1. Having examined the applications, Member States shall give preference to:
 - (a) new beneficiaries who did not receive the support referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013 in the past;
 - (b) beneficiaries targeting a new third country or a new third-country market for which they did not receive the support referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013 in the past.
2. Member States may establish other priority criteria by indicating them in the support programme. Such other priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

*SECTION 2****Restructuring and conversion of vineyards****Article 12***Beneficiaries**

The beneficiaries of the support referred to in Article 46 of Regulation (EU) No 1308/2013 shall be wine growers as defined in point (a) of Article 2 of Commission Regulation (EC) No 436/2009 ⁽¹⁾.

*Article 13***Eligibility criteria**

Member States shall examine an application against the following criteria:

- (a) the detailed description of the proposed actions and the proposed deadlines for their implementation;
- (b) the actions to be implemented in each financial year, and the area concerned by each operation.

*Article 14***Ineligible costs**

The costs of the following actions shall not be eligible:

- (a) day-to-day management of a vineyard;
- (b) protection against damage by game, birds or hail;
- (c) construction of windbreaks and wind protection walls;
- (d) driveways and elevators;
- (e) purchase of farm vehicles.

⁽¹⁾ Commission Regulation (EC) No 436/2009 of 26 May 2009 laying down detailed rules for the application of Council Regulation (EC) No 479/2008 as regards the vineyard register, compulsory declarations and the gathering of information to monitor the wine market, the documents accompanying consignments of wine products and the wine sector registers to be kept (OJ L 128, 27.5.2009, p. 15).

*Article 15***Replanting for health or phytosanitary reasons**

1. Replanting of a vineyard following a mandatory grubbing-up for health or phytosanitary reasons on the instruction of a competent authority of a Member State referred to in point (c) of the first subparagraph of Article 46(3) of Regulation (EU) No 1308/2013 shall be eligible for support provided that the Member State:
 - (a) communicates to the Commission, in the framework of the submission of the national support programme or any modification of that support programme, the list of harmful organisms covered by that activity as well as a summary of a related strategic plan established by the competent authority of the Member State concerned;
 - (b) complies with Council Directive 2000/29/EC ⁽¹⁾.
2. During a given financial year, the expenditure for replanting for health or phytosanitary reasons shall not exceed 15 % of the total annual expenditure on restructuring and conversion of vineyards in the Member State concerned during that same financial year.
3. The costs of grubbing-up of infected vineyards and compensation for loss of revenue shall not constitute eligible expenditure.

*Article 16***Priority criteria**

Member States may establish priority criteria by indicating them in the support programme. Such priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

*SECTION 3***Green harvesting***Article 17***Beneficiaries**

The beneficiaries of the support referred to in Article 47 of Regulation (EU) No 1308/2013 shall be wine growers as defined in point (a) of Article 2 of Regulation (EC) No 436/2009.

*Article 18***Conditions for the proper functioning**

For the purposes of Article 47 of Regulation (EU) No 1308/2013, Member States shall adopt rules to ensure that the areas concerned will be kept in good vegetative conditions and that no negative impact on the environment nor any negative phytosanitary consequences result from the application of the measure referred to in that Article and to ensure that it is possible to check that the operations and actions are carried out correctly.

⁽¹⁾ Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000, p. 1).

In relation to those objectives, Member States may apply restrictions to the measure based on objective and non-discriminatory criteria, including timing of different varieties, environmental or phytosanitary risks or the method to be used to carry out the measure.

Member States may adopt other conditions for the proper functioning of the measure referred to in Article 47 of Regulation (EU) No 1308/2013.

Article 19

Eligibility criteria

Member States shall examine an application on the basis of the details given on the area concerned, the average yield, the green harvesting method to be used as well as the grape variety and the type of wine produced from it.

Article 20

Ineligible actions

1. In case of complete or partial damage of the crops due, in particular, to a natural disaster within the meaning of Article 2(9) of Commission Regulation (EU) No 702/2014 ⁽¹⁾ or an adverse climatic event which can be assimilated to a natural disaster within the meaning of Article 2(16) of that Regulation before the date of green harvesting, no support shall be granted for green harvesting.
2. In case of complete or partial damage occurring between the payment of the green harvesting support and the harvesting period, no harvest insurance financial compensation of the loss of income may be granted for the area already supported.

Article 21

Green harvesting in parcels for producing wines with geographical indications

The area of any parcel supported for green harvesting shall not be taken into consideration when calculating the yield limits set in the technical specifications of wines with a protected designation of origin or a protected geographical indication.

Article 22

Duration of the support

In order to be eligible for support, green harvesting shall not be applied on the same parcel for two consecutive years.

Article 23

Priority criteria

Member States may establish priority criteria by indicating them in the support programme. Such priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

⁽¹⁾ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

SECTION 4

Mutual funds

Article 24

Beneficiaries

The beneficiaries of the support referred to in Article 48 of Regulation (EU) No 1308/2013 shall be wine growers as defined in point (a) of Article 2 of Regulation (EC) No 436/2009 or producers of the products referred to in Part II of Annex VII to Regulation (EU) No 1308/2013.

Article 25

Conditions for support

1. Where the support referred to in Article 48 of Regulation (EU) No 1308/2013, is used to finance the administrative cost of setting up mutual funds, it shall be limited to the following proportion of the contribution of the producers to the mutual fund in the first, second and third year of its implementation: 10 %, 8 % and 4 %.
2. Member States may fix ceilings for the amounts of support that may be received to finance the administrative costs of setting up mutual funds.

Article 26

Duration of the support

The support period shall not exceed three years.

SECTION 5

Harvest insurance

Article 27

Beneficiaries

1. The beneficiaries of the support referred to in Article 49 of Regulation (EU) No 1308/2013 shall be wine growers as defined in point (a) of Article 2 of Regulation (EC) No 436/2009.
2. Wine growers applying for the support shall make their insurance policy available to the national authorities in order to allow the Member States to comply with the condition laid down in Article 49(2) of Regulation (EU) No 1308/2013.

Article 28

Payments to beneficiaries

1. Member States may decide to pay the support referred to in Article 49(1) of Regulation (EU) No 1308/2013 through insurance companies as intermediaries provided that:
 - (a) the conditions laid down in Article 49(4) of Regulation (EU) No 1308/2013 are respected;

- (b) the amount of the support is transferred in full to the producer;
 - (c) the insurance company pays the support to the producer either in advance, through a reduction of the insurance premium, or through a bank or a postal transfer within 15 days after receiving the payment from the Member State.
2. The use of intermediaries shall be such as not to distort competitive conditions on the insurance market.

Article 29

Conditions for the proper functioning

1. For the purposes of Article 49 of Regulation (EU) No 1308/2013, Member States shall adopt conditions for the proper functioning of the measure referred to in that Article, including those necessary to ensure that the support does not distort competition in the insurance market.
2. Member States shall fix ceilings for the amounts of support that may be received in order to respect the conditions laid down in Article 49(3) of Regulation (EU) No 1308/2013. Member States may fix the level on the basis of normal market rates and standard assumptions of income loss. Member States shall ensure that the calculations:
- (a) contain only elements that are verifiable;
 - (b) are based on figures established by appropriate expertise;
 - (c) indicate clearly the source of the figures;
 - (d) take into account regional or local site conditions as appropriate.

Article 30

Use of terms

For the purposes of Article 49 of Regulation (EU) No 1308/2013, 'natural disasters' means natural disasters as defined in Article 2(9) of Regulation (EU) No 702/2014 and 'adverse climatic events which can be assimilated to a natural disaster' means adverse climatic events that can be assimilated to a natural disaster as defined in Article 2(16) of that Regulation.

Article 31

Priority criteria

Member States may establish priority criteria by indicating them in the support programme. Such priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

SECTION 6

Investments

Article 32

Beneficiaries

The beneficiaries of the support referred to in Article 50 of Regulation (EU) No 1308/2013 shall be wine enterprises producing or marketing the products referred to in Part II of Annex VII to that Regulation, wine producer organisations, associations of two or more producers or interbranch organisations.

*Article 33***Eligible actions and eligible costs**

1. Only the costs of the following actions shall be eligible for support:

- (a) the construction, acquisition, leasing, or improvement of immovable property;
- (b) the purchase or lease-purchase of new machinery and equipment up to the market value of the asset;
- (c) general costs linked to expenditure referred to in points (a), and (b), in particular architect, engineer and consultation fees as well as feasibility studies;
- (d) the acquisition or development of computer software and acquisition of patents, licences and copyrights and the registration of collective marks.

The feasibility studies referred to in point (c) of the first subparagraph shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) of that subparagraph is made.

2. Costs connected with a leasing contract other than those referred to in points (a) and (b) of the first subparagraph of paragraph 1, in particular lessor's margin, interest refinancing costs, indirect costs and insurance charges, shall not be eligible expenditure.

3. By way of derogation from point (b) of the first subparagraph of paragraph 1, for micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC ⁽¹⁾ Member States may, if duly justified by their support programme, establish conditions under which the purchase of second-hand equipment may be regarded as eligible costs.

4. Simple replacement investments shall not constitute eligible costs.

*Article 34***Compatibility and consistency**

No support under Article 50 of Regulation (EU) No 1308/2013 shall be granted for operations which received support under Article 45 of that Regulation.

*Article 35***Eligibility criteria**

Member States shall examine an application against the following criteria:

- (a) the operations and their underlying actions are clearly defined, describing the investment actions and including the estimated cost;
- (b) assurances that the costs of the proposed operation are not in excess of the normal market rates;

⁽¹⁾ Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

- (c) assurances that beneficiaries have access to sufficient technical and financial resources to ensure that the operation is implemented effectively and that the applying enterprise is not in difficulty as referred to in the third subparagraph of Article 50(2) of Regulation (EU) No 1308/2013;
- (d) the consistency between the strategies proposed and the objectives set and the likely impact and success in improving the overall performance of the processing or marketing facilities and their adaptation to market demands, as well as increasing their competitiveness.

Article 36

Priority criteria

1. Having examined the applications, Member States shall give preference to operations which are likely to have positive effects in terms of energy savings, global energy efficiency and environmentally sustainable processes.
2. Member States may establish other priority criteria by indicating them in the support programme. Such other priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

SECTION 7

Innovation in the wine sector

Article 37

Beneficiaries

1. The beneficiaries of the support referred to in Article 51 of Regulation (EU) No 1308/2013 shall be wine enterprises producing or marketing the products referred to in Part II of Annex VII to that Regulation, wine producer organisations and temporary or permanent associations of two or more producers.
2. Research and development centres may participate in the operation pursued by the beneficiaries. Interbranch organisations may be associated to the operation.

Article 38

Eligible actions and eligible costs

1. The operations and their underlying actions for which the support referred to in Article 51 of Regulation (EU) No 1308/2013 is applied shall consist of tangible and intangible investments including for knowledge-transfer for the development of the following:
 - (a) new products related to the wine sector or by-products of wine;
 - (b) new processes and technologies necessary for the development of grapevine products;
 - (c) other investments adding value at any stage of the supply chain.
2. The eligible costs shall include pilot projects, preparatory actions in the form of design, product, process or technology development and tests and any tangible and/or intangible investments related to them, before the use of the newly developed products, processes and technologies for commercial purposes.
3. Simple replacement investments shall not constitute eligible costs.

*Article 39***Eligibility criteria**

Member States shall examine an application against the following criteria:

- (a) the operations and their underlying actions are clearly defined, describing the investment actions and including the estimated cost;
- (b) assurances that the costs of the proposed operation are not in excess of the normal market rates;
- (c) assurances that beneficiaries have access to sufficient technical and financial resources to ensure that the operation is implemented effectively;
- (d) the consistency between the strategies proposed and the objectives set and the likely impact and success in improving the overall performance of the processing or marketing facilities and their adaptation to market demands, as well as increasing their competitiveness.

*Article 40***Priority criteria**

1. Having examined the applications, Member States shall give preference to operations which:
 - (a) are likely to have positive effects in terms of energy savings, global energy efficiency and environmentally sustainable processes;
 - (b) include an element of knowledge transfer;
 - (c) ensure the participation of research and development centres.
2. Member States may establish other priority criteria by indicating them in the support programme. Such other priority criteria shall be based on the specific strategy and objectives set out in the support programme and shall be objective and not discriminatory.

*SECTION 8****By-product distillation****Article 41***Beneficiaries**

The beneficiaries of the support referred to in Article 52 of Regulation (EU) No 1308/2013 shall be distillers of by-products of wine-making.

The relevant Member States may introduce a system of voluntary certification of distillers according to a procedure that they lay down.

*Article 42***Purpose of the support**

1. The support referred to in Article 52 of Regulation (EU) No 1308/2013 shall be paid to distillers that process the by-products delivered to distillation into alcohol with an alcoholic strength of at least 92 % by volume to be used exclusively for industry or energy purposes.

The first subparagraph shall not prevent the further processing of the alcohol obtained, on the basis of which the amount of support is calculated in accordance with Article 18 of Implementing Regulation (EU) 2016/1150, in order to fulfil the requirement of Article 52(5) of Regulation (EU) No 1308/2013 concerning the exclusive use for industrial or energy purposes.

2. The support shall include an amount intended to compensate the costs of collection of the products concerned, which shall be transferred from the distiller to the producer, if the relevant costs are borne by the latter.

CHAPTER III

COMMON RULES

Article 43

Prohibition of double funding

Member States shall introduce clear demarcation criteria in their national support programmes to ensure that no support is granted under Articles 45, 46, 48, 49, 50 and 51 of Regulation (EU) No 1308/2013 respectively, for operations or actions that are supported under any other Union instruments.

Article 44

Eligible costs and reimbursement rules for restructuring and conversion of vineyards and green harvesting

1. Member States shall lay down rules setting out the eligible restructuring and conversion and green harvesting operations or actions and their respective eligible costs. Those rules shall be designed to ensure that the objectives of the measures as laid down in Article 46(1) and 47(2) of Regulation (EU) No 1308/2013 are met.

Those rules shall provide in particular for the payment of the support either on the basis of standard scales of unit costs calculated in accordance with Article 24 of Implementing Regulation (EU) 2016/1150 or on the basis of supporting documents to be submitted by the beneficiaries.

In the latter case, Member States shall establish maximum levels of support with fixed parameters for each action. Those levels shall be applied to the terms of the application in order to determine the maximum eligible amount for each of the actions that are part of the operation applied for. The support granted shall be based on the lower of the two resulting amounts, that is to say the maximum eligible amount and the amount resulting from the supporting documents.

The maximum level of support shall be based on normal market rates.

The calculation of the costs resulting from supporting documents shall be based on accounting principles, rules and methods used in the Member State where the beneficiary is established.

2. Member States shall fix the level of compensation for the loss of revenue provided for in Articles 46(4)(a) and 47(3) of Regulation (EU) No 1308/2013 on the basis of standard assumptions of loss of revenue, subject to Articles 46(5) and 47(4) of that Regulation.

3. If the standard scales of unit costs are determined on the basis of the area planted, that area shall be measured in accordance with Article 44 of Implementing Regulation (EU) 2016/1150.

*Article 45***Contributions in kind for restructuring and conversion of vineyards and green harvesting**

1. Contributions in kind in the form of provision of work for which no cash payment supported by invoices or documents of equivalent probative value has been made, may be eligible for support under Articles 46 and 47 of Regulation (EU) No 1308/2013 respectively, provided that the support programme so provides.
2. For the purpose of the calculation of the amount of support corresponding to contributions in kind:
 - (a) those contributions in kind shall be included in the standard scales of unit costs calculated in accordance with Article 24 of Implementing Regulation (EU) 2016/1150, where a Member State chooses to use the simplified cost reimbursement option; or
 - (b) the value of the work provided is determined by taking into account the time spent and the rate of remuneration for equivalent work where a Member State opts for the payment of support for restructuring and green harvesting operations on the basis of supporting documents to be submitted by the beneficiaries.
3. Where the amount of support corresponding to contributions in kind is calculated pursuant to point (b) of paragraph 2, the following criteria shall be fulfilled:
 - (a) the support paid for the operation that includes contributions in kind does not exceed the total eligible expenditure, excluding contributions in kind, at the end of the operation;
 - (b) the value attributed to contributions in kind does not exceed the costs generally accepted on the market in question;
 - (c) the value and the delivery of the contribution in kind can be independently assessed and verified.

The criterion referred to in point (a) of the first subparagraph does not apply to operations supported under Article 47 of Regulation (EU) No 1308/2013 that have as only cost the work provided as contribution in kind.

*Article 46***Eligibility of personnel costs**

1. Personnel costs incurred by the beneficiary of the support referred to in Article 45 of Regulation (EU) No 1308/2013 or by the beneficiary of the support referred to in Article 51 of that Regulation shall be considered eligible for support if they are incurred in relation to the preparation, implementation or follow-up of that particular supported operation, including the evaluation.

Such personnel costs include, inter alia, costs of personnel contracted by the beneficiary specifically on the occasion of the promotion or innovation operation and the costs corresponding to the share of the working hours invested in the promotion or innovation operation by permanent staff of the beneficiary.

2. The beneficiary shall submit supporting documents setting out the details of the work actually carried out in relation to the particular operation or to each underlying action, if relevant.
3. For the purposes of determining personnel costs linked to the implementation of an operation by the permanent personnel of the beneficiary, the hourly rate applicable may be calculated by dividing the last documented annual gross employment costs of the specific employees that have worked in the implementation of the operation by 1 720 hours.

*Article 47***Eligibility of administrative costs**

1. Administrative costs incurred by the beneficiary of the support referred to in Article 45 of Regulation (EU) No 1308/2013 or by the beneficiary of the support referred to in Article 51 of that Regulation shall be considered eligible for support if they are incurred in relation to the preparation, implementation or follow-up of the particular supported operation or underlying action.

For the purposes of Article 45 of Regulation (EU) No 1308/2013, the costs of external audits shall be considered eligible for support where such audits are performed by an independent and qualified external body.

2. The administrative costs referred to in paragraph 1 shall be considered eligible if they do not exceed 4 % of the total eligible costs of implementing the operation.

3. Member States may decide whether the administrative costs referred to in paragraph 1 are eligible on the basis of a flat-rate amount or of actual costs established on the basis of supporting documents to be submitted by the beneficiaries. In the latter case, the calculation of those costs shall be based on accounting principles, rules and methods used in the Member State where the beneficiary is established.

*Article 48***Eligibility of value added tax**

1. Value added tax shall not be eligible for support, except where it is not recoverable under the applicable national VAT legislation when it is genuinely and definitively borne by beneficiaries other than the non-taxable persons referred to in the first subparagraph of Article 13(1) of Council Directive 2006/112/EC ⁽¹⁾.

2. In order for non-recoverable VAT to be eligible, a certified accountant or statutory auditor of the beneficiary shall show that the amount paid has not been recovered and is entered as a charge in the beneficiary's accounts.

*Article 49***Advance payments**

Member States may provide for support for a given operation or for any single action covered by the support application under Articles 45, 46, 50, 51 and 52 of Regulation (EU) No 1308/2013 to be advanced to beneficiaries, provided that the beneficiary has lodged an appropriate security.

*Article 50***Exclusion**

No support shall be granted to producers farming unlawful plantings and areas planted with vines without authorisation referred to in Articles 85a and 85b of Regulation (EC) No 1234/2007 and Article 71 of Regulation (EU) No 1308/2013 respectively.

⁽¹⁾ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

*Article 51***Notifications**

Member States shall notify the Commission of the implementation of their support programmes, the State aid granted and the support advanced to beneficiaries under the detailed conditions laid down in Chapter III of Implementing Regulation (EU) 2016/1150.

If a Member State fails to make a notification as required under this Regulation or if the notification appears to be incorrect in the light of objective facts in the Commission's possession, the Commission may suspend part or all of the monthly payments referred to in Article 17 of Regulation (EU) No 1306/2013 as regards the wine sector until the notification is correctly made.

CHAPTER IV

FINANCIAL MANAGEMENT*Article 52***Payment to beneficiaries**

1. Payments under Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 shall be made in full to beneficiaries, without prejudice to Article 28 of this Regulation.
2. Notwithstanding Article 49, the payments referred to in paragraph 1 shall be subject to prior checks as provided by Article 54(1).

*Article 53***Changes to beneficiaries' operations**

1. Member States may lay down rules regarding changes to the operations submitted by beneficiaries and approved by the competent authorities.

Before the submission of the final payment claim, and in any case before the on-the-spot check prior to the final payment, a beneficiary should be allowed to submit changes to the initially approved operation provided that they do not undermine the objectives of the overall operation, are duly justified, communicated within the time limits set by the national authorities and approved by them.

2. Member States may allow that minor changes within the initially approved amount of eligible support can be implemented without prior approval, provided that they do not affect the eligibility of any part of the operation and its overall objectives.

In particular, Member States may allow financial transfers between the actions covered by an operation already approved up to a maximum of 20 % of the amounts initially approved for each action, provided that the total amount of approved support for the operation is not exceeded.

In their support programmes Member States may provide for other minor changes that can be implemented without prior approval.

Article 54

General principles

1. Notwithstanding Article 49, support shall be paid once it is ascertained that either an overall operation or all the individual actions which are part of the overall operation covered by the support application, according to the choice made by the Member State for the management of the support measure concerned, have been fully implemented and subjected to administrative and, where applicable, on-the-spot checks in accordance with Section 1 of Chapter IV of Implementing Regulation (EU) 2016/1150.
2. Where support is normally payable after implementation of the overall operation, support shall nevertheless be paid for the individual actions implemented if checks show that the remaining actions could not be carried out due to *force majeure* or exceptional circumstances within the meaning of Article 2(2) of Regulation (EU) No 1306/2013.
3. If checks show that an overall operation covered by the support application has not been fully implemented for reasons other than *force majeure* or exceptional circumstances within the meaning of Article 2(2) of Regulation (EU) No 1306/2013, and where support has been paid after individual actions which are part of the overall operation covered by the support application, Member States shall recover the support paid.

In such cases, if an advance has been paid, Member States may decide to apply a penalty.

4. Paragraphs 1 and 3 shall not apply where operations supported under Articles 46 and 47 of Regulation (EU) No 1308/2013 respectively are not implemented on the total surface for which support was requested.

In such cases, Member States shall pay the amount corresponding to the part of the operation that has been implemented or, in case of advanced payments, recover the amount paid in relation to the part that has not been implemented.

The amount of support shall be calculated on the basis of the difference between the area approved following administrative checks on the support application or modified in accordance with Article 53 of this Regulation and the area where the operation has been actually implemented, determined by the on-the-spot checks following implementation.

Where the difference does not exceed 20 %, the support shall be calculated on the basis of the area determined by the on-the-spot checks following implementation.

Where the difference is more than 20 % but no more than 50 %, the support shall be calculated on the basis of the area determined by the on-the-spot checks following implementation and reduced by twice the difference found.

Where the difference exceeds 50 %, no support shall be granted for the operation concerned.

Article 55

Standard scales of unit costs and control methods

For the purposes of Articles 46 and 47 of Regulation (EU) No 1308/2013, the following rules shall apply:

- (a) if the amount of the support is calculated on the basis of standard scales of unit costs based on a surface measurement unit, the amount shall correspond to the actual surface measured in accordance with Article 44 of Implementing Regulation (EU) 2016/1150;
- (b) if Member States decide to calculate the amount of the support on the basis of standard scales of unit costs based on other measurement units or on the basis of the actual costs resulting from the supporting documents to be submitted by the beneficiaries in accordance with Article 44(1) of this Regulation, they shall lay down rules on appropriate control methods to establish the actual extent of implementation of the operation.

*Article 56***Force majeure and exceptional circumstances**

Where, under Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 or this Regulation, a sanction is to be imposed, it shall not be imposed in cases of *force majeure* or exceptional circumstances and other cases laid down in Article 64(2) of Regulation (EU) No 1306/2013.

CHAPTER V

AMENDMENTS AND TRANSITIONAL AND FINAL PROVISIONS*Article 57***Amendments of Regulation (EC) No 555/2008**

Regulation (EC) No 555/2008 is amended as follows:

- (1) Article 1 is amended as follows:
 - (a) in the first subparagraph of paragraph 1, points (a), (d) and (f) are deleted;
 - (b) paragraph 3 is deleted;
- (2) Articles 2 to 20c are deleted;
- (3) in Article 23, paragraph 3 is deleted;
- (4) Articles 24 to 37b are deleted;
- (5) Article 60 is deleted;
- (6) Articles 62, 63 and 64 are deleted;
- (7) in Article 65, paragraphs 1 to 4 are deleted;
- (8) Article 66 is deleted;
- (9) Articles 75 to 82 are deleted;
- (10) Articles 96 and 97 are deleted;
- (11) Annexes I to VIIIc are deleted.

*Article 58***Transitional provisions**

1. The provisions of Regulation (EC) No 555/2008 that are deleted in accordance with Article 57 of this Regulation shall continue to apply to those operations that have been submitted to the competent authorities before the date of entry into force of this Regulation.
2. Member States shall ensure that the operations to which the relevant provisions of Regulation (EC) No 555/2008 continue to apply in accordance with paragraph 1 are clearly identified through their management and control system.

*Article 59***Entry into force**

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

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

Done at Brussels, 15 April 2016.

For the Commission

The President

Jean-Claude JUNKER

COMMISSION IMPLEMENTING REGULATION (EU) 2016/1150**of 15 April 2016****laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 ⁽¹⁾, and in particular Article 54 thereof,

Having regard to 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 ⁽²⁾, and in particular Articles 62(2)(a) to (d) and 63(5)(a) thereof,

Whereas:

- (1) Regulation (EU) No 1308/2013 has repealed and replaced Council Regulation (EC) No 1234/2007 ⁽³⁾. Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 contains rules on national support programmes in the wine sector and empowers the Commission to adopt delegated and implementing acts in that respect. In order to ensure the smooth functioning of the wine support programmes in the new legal framework, certain rules have to be adopted by means of such acts. Those acts should replace the relevant implementing rules of Commission Regulation (EC) No 555/2008 ⁽⁴⁾, which are deleted by Commission Delegated Regulation (EU) 2016/1149 ⁽⁵⁾.
- (2) There should be a procedure for the submission of national support programmes. There should also be a procedure for making changes to support programmes, so that the Commission can be notified of adjusted programmes that take account of any new circumstances which could not have been foreseen previously. All such changes should be subject to certain limits and conditions to ensure that the support programmes maintain their overall objectives and comply with Union legislation.
- (3) For the sake of consistency and the smooth management of the different support measures, rules on the minimum content and format of the support programme should be provided. Pursuant to Article 41(2) of Regulation (EU) No 1308/2013, Member States may choose the most appropriate geographical level to draw up the support programme. Since Member States are responsible for the submission of the programme and changes to that programme, they should ensure that national programmes comply with the minimum content and can be submitted within the given deadlines.
- (4) Criteria governing the application procedure in the Member States should be established with a view to ensuring a uniform application of the measures and of the scrutiny of each application for support within each support programme and across the Union.
- (5) In order to build synergies, Member States should be allowed to set up joint promotion and information campaigns.

⁽¹⁾ OJ L 347, 20.12.2013, p. 671.

⁽²⁾ OJ L 347, 20.12.2013, p. 549.

⁽³⁾ Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p. 1).

⁽⁴⁾ Commission Regulation (EC) No 555/2008 of 27 June 2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008 on the common organisation of the market in wine as regards support programmes, trade with third countries, production potential and on controls in the wine sector (OJ L 170, 30.6.2008, p. 1).

⁽⁵⁾ Commission Delegated Regulation (EU) 2016/1149 of 15 April 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008 (see page 1 of this Official Journal).

- (6) Member States need to adopt rules on the implementation of the green harvesting measure and on the calculation of the compensation for the beneficiaries in such a way as to ensure that support does not become a permanent alternative outlet for products compared to placing them on the market. In particular Member States should be free to determine the date until which they request producers to complete the operations, in such a way as to have sufficient time, in view of the time constraints and proximity of harvesting period, for the necessary checks to be carried out before payment and to ensure the total destruction or removal of grape bunches while still in their immature stage, thereby fully eliminating the yield of the relevant area.
- (7) For the purpose of monitoring the implementation of Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013, the appropriate data concerning the forecast and the execution of the support programmes need to be made available to the Commission every year. In this context, it is necessary to lay down the details of the information to be provided for the reporting and evaluation of support programmes in order to assess their efficiency and effectiveness.
- (8) In order to allow the Commission to monitor possible State aid and advances granted to beneficiaries for operations implemented under certain measures of the support programmes, it is necessary to lay down the details of the information that Member States are to notify the Commission of in this respect. However, for cost-efficiency reasons, it is appropriate to establish a threshold under which Member States may exempt beneficiaries from the obligation to notify annually information on the use and the balance of the advance payments received.
- (9) For the proper functioning of the support measures it is appropriate to provide that all notifications from the Member States to the Commission are to be made in accordance with Commission Regulation (EC) No 792/2009 ⁽¹⁾. To ensure a fair and verifiable use of the Union budget, non-compliance with the notification obligations should have financial consequences. The general rules concerning budgetary discipline, and in particular those relating to incomplete or incorrect declarations on the part of Member States, should apply in addition to the specific rules established by this Regulation.
- (10) With a view to ensuring uniform conditions for the implementation of all measures in all Member States, provisions should be laid down concerning the selection procedure, including the application of eligibility and priority criteria as well as the methodology for excluding non eligible applications or applications that do not reach a certain threshold, especially in case of budgetary limitations. Member States should be free to determine the weighting to be attributed to each priority criterion and whether it is appropriate to establish a threshold even if there are sufficient budgetary resources.
- (11) In the interest of legal certainty, this Regulation should provide Member States with a framework for applying simplified cost reimbursements. That framework should include rules on the calculation of standard scales of unit costs and of contributions in kind, and on the periodic re-examination and possible adjustment of those standard scales. These rules should ensure that the standard scales of unit costs are objectively calculated and remain updated.
- (12) In order to protect the interests of the beneficiaries, in particular where they pay fees for maintaining a security, and in view of sound financial management, a reasonable deadline should be set for the verification of the payment claims and for the determination of the actual amount of support, which is a pre-condition for the release of the security in case of payment of an advance.
- (13) For an effective implementation of the prohibition on double funding, an efficient control system should be in place to ensure that any action or operation that is financed for any given beneficiary by the support programmes is not financed also under any other Fund.
- (14) Provisions should be laid down for resolving cases of obvious error to ensure fair treatment of producers.
- (15) Rules should be laid down on the checks necessary to ensure the proper application of the support programmes and on appropriate penalties applicable to any irregularities found. Those rules should cover both specific checks and penalties at Union level as well as additional national checks and penalties. The checks and penalties should be dissuasive, effective and proportionate.

⁽¹⁾ Commission Regulation (EC) No 792/2009 of 31 August 2009 laying down detailed rules for the Member States' notification to the Commission of information and documents in implementation of the common organisation of the markets, the direct payments' regime, the promotion of agricultural products and the regimes applicable to the outermost regions and the smaller Aegean islands (OJ L 228, 1.9.2009, p. 3).

- (16) Member States should ensure the effectiveness of the work of the bodies responsible for the checks relating to the support measures in the wine sector. To that end, they should coordinate the relevant activities where several bodies are competent and designate a body responsible for liaison between them and with the Commission.
- (17) In order to make the required checks effective, Member States should take the necessary steps to ensure that the staff of the competent bodies has adequate powers of investigation to guarantee compliance with the rules and that the persons subject to checks do not obstruct the carrying out of those checks.
- (18) Provisions should be laid down to ensure that undue payments are recovered with interests and that irregularities are notified to the Commission.
- (19) As regards the information and promotion measure, experience has shown that the number of operations selected and to be checked by the competent authorities is considerably increasing, leading to an important administrative burden. In order to simplify those checks, Member States should be able to opt for a system that allows the submission of audit certificates supporting the payment claims for bigger projects, so that the administrative and on-the-spot checks to be carried out may be based on such certificates. Moreover, it should be clarified that on-the-spot checks do not need to be carried out abroad and that they may be limited to the verification of samples of the documents submitted or listed in the audit certificates against the accounting registers and, where possible, other supporting documents.
- (20) As regards operations for the restructuring and conversion of vineyards, it is appropriate to provide for systematic checks before and after the implementation of each single operation and to establish when and under which conditions such checks may be carried out by remote sensing or on a sample basis.
- (21) As regards green harvesting operations, systematic on-the-spot verification of the areas concerned after the execution should be provided for, in order to ensure that total destruction or removal of grapes has been carried out when they are still in their immature stage, thereby fully eliminating the yield of the relevant area. Such verification should also ensure that phytosanitary and environmental requirements are duly respected. In the interests of an effective implementation, the payment of the compensation should be made after having checked that green harvesting took place and no advances should be granted.
- (22) To create a more uniform basis for payments of the support under the restructuring and green harvesting measures, it is appropriate to lay down rules on the measurement of areas, in particular to determine what corresponds to the area planted with vines where support is paid on the basis of standard scales of unit costs based on the surface.
- (23) Finally, as regards the by-product distillation measure, Member States should take all necessary measures to verify the respect of the conditions and limits for the payment of support.
- (24) The measures provided for in this Regulation are in accordance with the opinion of the Committee for the Common Organisation of Agricultural Markets,

HAS ADOPTED THIS REGULATION:

CHAPTER I

PROCEDURE FOR THE SUBMISSION AND MODIFICATION OF THE SUPPORT PROGRAMMES

Article 1

Programming period and notification of relevant national legislation

1. The draft support programme referred to in Article 41(1) of Regulation (EU) No 1308/2013 shall refer to the five financial years 2014 to 2018.

2. Member States shall notify the Commission of their legislation related to the support programmes referred to in paragraph 1 once adopted or amended.

Article 2

Changes to support programmes

1. Changes in respect of applicable support programmes as referred to in Article 41(5) of Regulation (EU) No 1308/2013 shall not be submitted more than twice per financial year, by 1 March and 30 June of each year respectively.

However, those deadlines shall not apply in case of emergency measures due to natural disasters within the meaning of Article 2(9) of Commission Regulation (EU) No 702/2014 ⁽¹⁾ or an adverse climatic event which can be assimilated to a natural disaster within the meaning of Article 2(16) of that Regulation or other exceptional circumstances.

2. The changes referred to in paragraph 1 shall be indicated in the support programme that shall be submitted to the Commission using the model set out in Annex I and shall comprise:

- (a) the reasons for the proposed changes;
- (b) an updated version of the financial table by using the model set out in Annex II where the changes to the support programme entail a revision of the financial allocation.

Article 3

Content of support programmes

A support programme shall comprise:

- (a) for each of the specific support measures laid down in Articles 45 to 52 of Regulation (EU) No 1308/2013:
 - (i) a description of the proposed strategy and quantified objectives;
 - (ii) the natural or legal persons that may submit applications;
 - (iii) the application procedure;
 - (iv) the eligibility criteria;
 - (v) the eligible and non-eligible costs;
 - (vi) where relevant, whether standard scales of unit costs or contributions in kind are applicable and, if so, the information on the method of calculation and annual adaptation;
 - (vii) where applicable, the priority criteria and respective weighting;
 - (viii) the selection procedure;

⁽¹⁾ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

- (ix) the deadlines for the payments to beneficiaries;
 - (x) where relevant, whether advances may be granted, the maximum rate and conditions;
 - (xi) where relevant, the details on the demarcation with other Union or national schemes and on the verification system implemented to avoid double funding;
 - (xii) where relevant, whether State aid is granted;
- (b) the results of consultation held;
 - (c) the overall strategy;
 - (d) an appraisal showing the expected technical, economic, environmental and social impact;
 - (e) a schedule for implementing the measures;
 - (f) a general financing table as set out in Annex II to this Regulation;
 - (g) the criteria and other quantitative indicators to be used for monitoring and evaluation;
 - (h) the steps taken to ensure that the programme is implemented appropriately and effectively;
 - (i) the name and address of the competent authorities and bodies responsible for implementing the programme;
 - (j) the internet site where the national legislation related to the support programme is publicly available.

CHAPTER II

PROVISIONS ON SPECIFIC SUPPORT MEASURES

SECTION 1

Promotion

Subsection 1

Information in the Member States

Article 4

Application procedure

1. For the support referred to in point (a) of Article 45(1) of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure and the procedure for the possible extension of the support, as referred to in Article 4 of Delegated Regulation (EU) 2016/1149, which shall include rules on:

- (a) the legal persons that may submit applications in accordance with Article 3 of Delegated Regulation (EU) 2016/1149;
- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for their examination and for the notification of the results of the selection procedure to the operators;

- (c) the verification of compliance with the provisions on eligible operations, eligibility criteria, priority criteria and other objective criteria set out in Subsection 2 of Section 1 of Chapter II of Delegated Regulation (EU) 2016/1149;
 - (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion;
 - (e) the conclusion of contracts including possible standard forms;
 - (f) arrangements for the payment of advances and the provision of securities;
 - (g) the evaluation of any given supported operation on the basis of appropriate indicators.
2. In case of extension of the support in accordance with Article 4 of Delegated Regulation (EU) 2016/1149, the results of the supported operation shall be evaluated prior to the extension and be taken into account in the extension decision.
3. The beneficiaries who intend to produce certificates on the financial statements to accompany their payment claims in accordance with Article 41 shall communicate their intention to the competent authority at the moment of the submission of their application.

Subsection 2

Promotion in third countries

Article 5

Application procedure

1. For the support referred to in point (b) of Article 45(1) of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure and the procedure for the possible extension of the support as referred to in Article 4 of Delegated Regulation (EU) 2016/1149, which shall include rules on:
- (a) the natural or legal persons that may submit applications in accordance with Article 3 of Delegated Regulation (EU) 2016/1149;
 - (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for their examination and for the notification of the results of the selection procedure to the operators;
 - (c) the verification of compliance with the provisions on eligible operations, eligibility criteria, priority criteria and other objective criteria set out in Subsection 3 of Section 1 of Chapter II of Delegated Regulation (EU) 2016/1149;
 - (d) the products concerned and their marketing in conformity with Regulation (EU) No 1308/2013, the national provisions and the relevant specification;
 - (e) the selection of the applications, which shall at least include the weighting attributed to each priority criterion;
 - (f) the conclusion of contracts, including possible standard forms;
 - (g) arrangements for the payment of advances and the provision of securities;
 - (h) the evaluation of any given supported operation on the basis of appropriate indicators.

2. In case of extension of the support in accordance with Article 4 of Delegated Regulation (EU) 2016/1149, the results of the supported operation shall be evaluated prior to the extension of the support and be taken into account in the extension decision.

3. The beneficiaries who intend to produce certificates on the financial statements to accompany their payment claims in accordance with Article 41 shall communicate their intention to the competent authority at the moment of the submission of their application.

Subsection 3

Common provisions

Article 6

Joint promotion operation

Two or more Member States may decide to select a joint information or promotion operation. They shall undertake to contribute to the financing and agree on administrative collaboration procedures to facilitate the monitoring, implementation and checking of the joint operation.

SECTION 2

Restructuring and conversion of vineyards

Article 7

Application procedure

1. For the support referred to in Article 46 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 12 of Delegated Regulation (EU) 2016/1149;
- (b) the content of the application;
- (c) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;
- (d) the procedures to ensure the eligibility of the application and its consistency with the rules and the control system set up for the scheme of authorisations for vine plantings in accordance with Articles 66 and 68 of Regulation (EU) No 1308/2013;
- (e) the verification of compliance with the provisions on eligibility criteria, ineligible costs, priority criteria and other objective criteria set out in Section 2 of Chapter II of Delegated Regulation (EU) 2016/1149;
- (f) the selection of the applications, which shall at least include the weighting attributed to each priority criterion, where priority criteria are applied;
- (g) arrangements for the payment of advances and the provision of securities.

2. Member States may lay down a minimum size of the area which may qualify for support for restructuring and conversion, and a minimum size of area resulting from restructuring and conversion and any derogation from this requirement which shall be duly justified and based on objective criteria.

SECTION 3

Green harvesting*Article 8***Application of the support measure**

For the purposes of Article 47 of Regulation (EU) No 1308/2013, Member States shall:

- (a) adopt provisions for the application of the support measure, which shall include:
 - (i) the prior notification of green harvesting;
 - (ii) the amount of compensation to be paid;
- (b) set the deadline for the submission of applications for support for green harvesting between 15 April and 10 June of each year;
- (c) establish by 10 June of each year an expected market situation justifying the application of green harvesting to restore market balance and to prevent crisis and the deadline for carrying out the operation of green harvesting as referred to in point (c) of Article 43(1) of this Regulation;
- (d) every year set a deadline at a date after the establishment of the expected market situation as provided for in point (c) for carrying out the green harvesting operations in accordance with the requirements set out in Article 47(1) of Regulation (EU) No 1308/2013.

*Article 9***Calculation of the compensation**

1. Each year, Member States shall calculate the direct costs of green harvesting according to the different methods (manual, mechanical and chemical) that they consider as eligible for the purposes of the conditions adopted by them pursuant to Article 18 of Delegated Regulation (EU) 2016/1149.

In case more than one method of green harvesting is used on the same given area, the compensation shall be based on the least expensive method.

2. Member States shall define the loss of revenue caused by green harvesting on the basis of objective and non-discriminatory criteria, taking into account any cost savings.

*Article 10***Application procedure**

1. For the support referred to in Article 47 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 17 of Delegated Regulation (EU) 2016/1149;
- (b) the applicable compensation to the producer concerned;
- (c) the content of the application;
- (d) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;

- (e) the verification of compliance with the provisions on the conditions for the proper functioning, the eligibility criteria, ineligible actions and other objective criteria set out in Section 3 of Chapter II of Delegated Regulation (EU) 2016/1149;
 - (f) the selection of the applications, which shall at least include the weighting attributed to each priority criterion, where priority criteria are applied.
2. Member States may provide that in case the application is withdrawn without duly justified reason, the producer concerned is to bear the costs incurred in relation to the treatment of his application.

SECTION 4

Mutual funds

Article 11

Application of the support measure

For the purposes of Article 48 of Regulation (EU) No 1308/2013, Member States shall adopt provisions for the application of the support measure.

Article 12

Application procedure

For the support referred to in Article 48 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 24 of Delegated Regulation (EU) 2016/1149;
- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for their examination and for the notification of the results of the selection procedure to the operators;
- (c) the verification of compliance with the conditions for support and other objective criteria set out in Section 4 of Chapter II of Delegated Regulation (EU) 2016/1149;
- (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion, where priority criteria are applied;
- (e) the conclusion of contracts including possible standard forms.

SECTION 5

Harvest insurance

Article 13

Application procedure

For the support referred to in Article 49 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 27 of Delegated Regulation (EU) 2016/1149;

- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for their examination and for the notification of the results of the selection procedure to the operators;
- (c) the verification of compliance with the conditions for the proper functioning adopted pursuant to Article 29 of Delegated Regulation (EU) 2016/1149 and other objective criteria set out in Section 5 of Chapter II of that Regulation;
- (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion, where priority criteria are applied;
- (e) the conclusion of contracts including possible standard forms;
- (f) payments to beneficiaries, including through insurance companies in accordance with Article 28 of Delegated Regulation (EU) 2016/1149.

SECTION 6

Investments

Article 14

Application procedure

For the support referred to in Article 50 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 32 of Delegated Regulation (EU) 2016/1149;
- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;
- (c) the verification of compliance with the provisions on eligible actions and costs, eligibility criteria, priority criteria and other objective criteria set out in Section 6 of Chapter II of Delegated Regulation (EU) 2016/1149;
- (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion;
- (e) arrangements for the payment of advances and the provision of securities.

SECTION 7

Innovation in the wine sector

Article 15

Application procedure

For the support referred to in Article 51 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 37 of Delegated Regulation (EU) 2016/1149;
- (b) the submission and selection of applications, which shall include at least the deadlines for the submission of applications, for the examination of the suitability of each proposed action and for the notification of the results of the selection procedure to the operators;

- (c) the verification of compliance with the provisions on eligible actions and costs, eligibility criteria, priority criteria and other objective criteria set out in Section 7 of Chapter II of Delegated Regulation (EU) 2016/1149;
- (d) the selection of the applications, which shall at least include the weighting attributed to each priority criterion;
- (e) arrangements for the payment of advances and the provision of securities.

SECTION 8

By-product distillation

Article 16

Application of the support measure

For the purposes of Article 52 of Regulation (EU) No 1308/2013, Member States shall adopt provisions for the application of the support measure.

Article 17

Application procedure

For the support referred to in Article 52 of Regulation (EU) No 1308/2013 Member States shall lay down rules on the application procedure, which shall include rules on:

- (a) the natural or legal persons that may submit applications in accordance with Article 41 of Delegated Regulation (EU) 2016/1149;
- (b) the verification of compliance with the provisions on the purpose of the support set out in Section 8 of Chapter II of Delegated Regulation (EU) 2016/1149;
- (c) the payment of the support in accordance with Article 42 of Delegated Regulation (EU) 2016/1149 and Article 18 of this Regulation.

Article 18

Amount of the support

1. The maximum amount of the support referred to in Article 52 of Regulation (EU) No 1308/2013 to be paid to distillers shall be fixed by % volume alcohol and by hectolitre as follows:

- (a) for raw alcohol obtained from marcs: EUR 1,1/ %vol./hl;
- (b) for raw alcohol obtained from wine and lees: EUR 0,5/ %vol./hl.

2. Member States shall fix the amount of support and the amount of the compensation for the collection costs referred to in Article 52(3) of Regulation (EU) No 1308/2013 within the limits provided for in paragraph 1 of this Article and on the basis of objective and non-discriminatory criteria. They shall indicate both amounts in the relevant points when using the models set out in Annexes I, III and IV to this Regulation.

Member States may adjust those amounts according to different production typologies, on the basis of objective and non-discriminatory criteria.

CHAPTER III

REPORTING, EVALUATION AND GENERAL PROVISIONS*Article 19***Reporting and evaluation**

1. By 1 March each year Member States shall notify the Commission of a report on the implementation of the measures provided for in their support programme referred to in Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 during the previous financial year.

That report shall list and describe the measures for which Union support under that Section was granted.

That report shall be notified using the model set out in Annex III to this Regulation.

2. At the same time as the report referred to in paragraph 1, Member States shall notify the Commission of the financial and technical data related to the implementation of the measures provided for in their support programme, using the model set out in Annex IV.

Those data shall for each financial year and in respect of each measure refer to the following:

- (a) for the financial years of the five-year period for which expenditure was already incurred: actual technical data and a statement of expenditure, which shall in no case overshoot the budgetary limit for the Member State as laid down in Annex VI to Regulation (EU) No 1308/2013;
 - (b) for subsequent financial years until the end of the planned period of implementation of the support programme: foreseen technical data and forecasts of expenditure, up to the budgetary limit for the Member State as laid down in Annex VI to Regulation (EU) No 1308/2013 and in coherence with the most recent version of the financial table submitted using the model set out in Annex II to this Regulation in accordance with Article 2 of this Regulation.
3. Member States shall draw up a table containing the details on the implementation of the support for the information and promotion measures referred to in Article 45 of Regulation (EU) No 1308/2013 within the limit of available funds. They shall notify the Commission of that table by 1 March each year using the model set out in Annex V to this Regulation.

4. By 1 March 2017 and 1 March 2019, Member States shall notify the Commission of an evaluation of the costs effectiveness and benefits of their support programme as well as an indication of how to increase its efficiency.

Those evaluations shall be submitted using the model set out in Annex III, be accompanied by the financial and technical information in accordance with the model set out in Annex IV and concern all the previous years of the relevant five-year period. In addition, the following items shall be inserted in the conclusions:

- (a) C1: Evaluation of the cost-effectiveness and benefits of the support programme;
- (b) C2: Ways to increase the efficiency of the support programme.

5. By 1 March each year, Member States shall notify the Commission of an annual report on the checks carried out during the previous financial year to comply with the requirements set out in Chapter IV in respect of each measure of their support programme. That annual report shall be submitted using the model set out in Annex VI.

6. References to payments in a given financial year shall refer to payments actually made by Member States between 16 October of the previous calendar year and 15 October of the relevant calendar year.

7. Member States shall record the details of their support programme, whether or not amended, and of all measures carried out in pursuance of that programme.

Article 20

Notifications related to State aid

1. When Member States grant State aid in accordance with Article 212 of Regulation (EU) No 1308/2013 for the measures referred to in Articles 45, 49 and 50 of that Regulation, they shall notify the Commission thereof by using the model set out in Annex VII to this Regulation and providing the following information:

- (a) whether support will be granted in accordance with Commission Regulation (EU) No 1407/2013 ⁽¹⁾ or Commission Regulation (EU) No 1408/2013 ⁽²⁾; or
- (b) the case number under which the measure has been exempted from notification in accordance with an exemption Regulation adopted on the basis of Council Regulation (EU) 2015/1588 ⁽³⁾; or
- (c) the case number under which the measure has been declared compatible with the internal market by the Commission following a notification made in accordance with Article 108(3) of the Treaty.

2. The information provided must be valid over the entire life cycle of the national support programme without prejudice to any subsequent changes of that programme.

In case of any changes, Member States shall notify that information by 1 March by using the model set out in Annex VII.

3. Member States shall indicate whether State aid will be granted and the corresponding amount in the relevant points when using the models set out in Annexes I, III, IV and V.

Article 21

Notifications related to advances

1. Where advances are granted in accordance with Article 49 of Delegated Regulation (EU) 2016/1149, Member States shall include in the current annual accounts of the paying agencies referred to in Article 7(3)(a) of Regulation (EU) No 1306/2013 information related to the use of the advances within the deadline laid down in that Article. For this purpose, Member States shall set a date by which beneficiaries shall provide the paying agencies each year with the following information for each operation:

- (a) costs statements justifying, by measure, the use of the advances until 15 October, and;
- (b) a confirmation, by measure, of the balance of unused advances remaining on 15 October.

Member States may decide to exempt from this obligation the beneficiaries of operations for which the eligible Union contribution is below EUR 5 000 000.

⁽¹⁾ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L 352, 24.12.2013, p. 1).

⁽²⁾ Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 352, 24.12.2013, p. 9).

⁽³⁾ Council Regulation (EU) 2015/1588 of 13 July 2015 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal State aid (OJ L 248, 24.9.2015, p. 1).

2. For the purposes of Article 27(2) of Commission Delegated Regulation (EU) No 907/2014 ⁽¹⁾, the evidence of final entitlement to be produced shall be the last costs statement and a confirmation of the balance referred to in paragraph 1 of this Article.

As regards advances granted for operations selected under Articles 46, 50 and 51 of Regulation (EU) No 1308/2013, respectively, the last costs statement and confirmation of the balance referred to in paragraphs 1 and 2 of this Article shall be provided by the end of the second financial year after their payment.

Article 22

General provisions on notifications

1. The notifications to the Commission referred to in this Regulation shall be made in accordance with Regulation (EC) No 792/2009.
2. Without prejudice to any specific provision of this Regulation, Member States shall take all measures necessary to ensure that they are able to meet the deadlines for notifications set out in this Regulation.
3. Member States shall retain the information notified in accordance with this Article for at least ten wine years following the wine year during which it was submitted.
4. The obligations laid down in this Article shall not prejudice the Member States' obligations laid down in Regulation (EU) No 1337/2011 of the European Parliament and of the Council ⁽²⁾ on statistical surveys of areas under vines.

Article 23

Selection procedure

1. Member States shall verify that the applications have been lodged within the deadline, examine each application and assess it as regards its compliance with the rules on the content of the application and with the eligibility criteria and eligible costs established for each measure provided for in their support programme. If applications do not comply with these requirements or with the eligibility criteria and the eligible costs, they shall be excluded as ineligible.
2. Where priority criteria apply to a measure, Member States shall examine all the applications considered as eligible under that measure after the assessment provided for in paragraph 1 and give a score to each of them.

The score shall be calculated on the basis of the priority criteria fulfilled by the application and the specific weighting attributed to every priority criterion established for each measure.

Member States shall establish a ranking of the eligible applications on the basis of the scores they have obtained.

3. Where the total value of the eligible applications of a support measure exceeds the budget allocated to that measure in a given financial year, Member States shall select the applications in descending order of the ranking established in accordance with paragraph 2 until the exhaustion of the available budget.

⁽¹⁾ Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing 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, securities and use of euro (OJ L 255, 28.8.2014, p. 18).

⁽²⁾ Regulation (EU) No 1337/2011 of the European Parliament and of the Council of 13 December 2011 concerning European statistics on permanent crops and repealing Council Regulation (EEC) No 357/79 and Directive 2001/109/EC of the European Parliament and of the Council (OJ L 347, 30.12.2011, p. 7).

Alternatively, Member States may fix a minimum score as a threshold and select all applications that reach that minimum score. In this case, where the total value of the eligible applications that reach the threshold exceeds the available budget for a support measure, Member States may apply pro-rata payments to those applications.

4. Member States may fix a threshold and decide to exclude eligible applications that do not reach that threshold even if the value of the eligible applications does not exceed the available budget.
5. For each relevant measure, Member States may submit again to the selection procedure eligible applications that have been excluded in the previous year in accordance with paragraphs 3 and 4 upon the agreement of the applicant.
6. Where applications have been excluded pursuant to this Article, applicants shall be informed of the reasons thereof.

Article 24

Simplified cost reimbursement

1. Where Member States choose to use standard scales of unit costs in accordance with the second paragraph of Article 5 and Article 44(1) of Delegated Regulation (EU) 2016/1149, they shall:

- (a) establish those scales in advance of any submission of applications;
- (b) establish those scales through a fair, equitable and verifiable calculation method based on:
 - (i) statistical data or other objective information;
 - (ii) the verified historical data of individual beneficiaries; or
 - (iii) the application of the usual costs accounting practices of individual beneficiaries.

To this end, Member States shall ensure that a body that is functionally independent from the authorities responsible for the implementation of the support programme and possesses the appropriate expertise performs the calculations or confirms the adequacy and accuracy of the calculations.

2. Member States may decide to use differentiated scales to take into account regional or local specificities.
3. Member States shall re-examine the calculations provided for in paragraph 1 every second year and shall, if necessary, adjust the initially established standard scales of unit costs.
4. Member States shall keep all the documentary evidence concerning the establishment of standard scales of unit costs and their re-examination which allows verifying the reasonableness of the method followed to establish them in accordance with point (b) of the first subparagraph of paragraph 1.

Article 25

Deadlines for the payments to beneficiaries

Member States shall set the deadline for lodging the payment claim for each support measure.

Member States shall pay the beneficiaries within 12 months after the date of lodging a valid and complete interim or final payment claim.

*Article 26***Advance payments**

1. Beneficiaries of support under Articles 45, 46, 50, 51 and 52 of Regulation (EU) No 1308/2013, respectively, may request the payment of an advance from the competent paying agencies, if this option is included in the national support programme in accordance with Article 49 of Delegated Regulation (EU) 2016/1149.
2. The amount of advances shall not exceed 80 % of the Union contribution.
3. The advance shall be paid on condition that the beneficiary has lodged a bank guarantee or an equivalent security at least equal to the amount of that advance in favour of the Member State in accordance with Chapter IV of Delegated Regulation (EU) No 907/2014.
4. For the purposes of Article 23 of Delegated Regulation (EU) No 907/2014, the obligation shall be to spend the total amount advanced in the implementation of the operation concerned by the end of the second financial year following the financial year during which the advance was paid, except in cases of *force majeure* and other exceptional circumstances.
5. As regards the restructuring and conversion of vineyards, the period referred to in paragraph 4 may be adjusted by the Member State in cases where:
 - (a) the surfaces concerned are part of an area which has suffered a natural disaster within the meaning of Article 2(9) of Regulation (EU) No 702/2014 or an adverse climatic event which can be assimilated to a natural disaster within the meaning of Article 2(16) of that Regulation recognised by the competent authorities of the Member State concerned;
 - (b) planned operations cannot be implemented because the plant material suffers health problems which have been certified by a body recognised by the Member State concerned.

In order for the support to be paid in advance, any previous action carried out on the same area, for which the producer also received support in advance, must have been fully implemented.

6. The security shall be released when the competent paying agency establishes that the amount of actual expenditure corresponding to the Union contribution related to the operations concerned exceeds the amount of the advance.

*Article 27***Verification of the prohibition on double financing**

For the support under Articles 45, 46, 48, 49, 50 and 51 of Regulation (EU) No 1308/2013, Member States shall set out, in the relevant point of the support programme, the provisions they have adopted to ensure that an efficient control system is in place to avoid double funding as provided for in Article 43 of Delegated Regulation (EU) 2016/1149.

*Article 28***Obvious error**

Any communication, claim or request made to a Member State under Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 or this Regulation, including an application for support, may be adjusted any time after its submission in cases of obvious errors recognised by the competent authority.

CHAPTER IV

CONTROL PROVISIONS

SECTION 1

Principles of control*Article 29***Checks**

1. Without prejudice to specific provisions of this Regulation or other Union legislation, Member States shall introduce checks and measures in so far as they are necessary to ensure the proper application of the rules for the support programmes in the wine sector laid down in Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013, Delegated Regulation (EU) 2016/1149 and this Regulation. They shall be effective, proportionate and dissuasive so that they provide adequate protection for the financial interests of the Union.

2. In particular, Member States shall ensure that:

- (a) all eligibility criteria established by Union or national legislation or the national framework can be checked;
- (b) only operations that are verifiable and controllable are selected;
- (c) the competent authorities responsible for carrying out checks have a sufficient number of suitably qualified and experienced staff to carry out the checks effectively;
- (d) provision is made for checks to avoid irregular duplicated financing of the measures under Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 and other Union or national schemes;
- (e) the definition of methods and means for verification that are in line with the nature of the support measure concerned and specify who shall be subject to checks;
- (f) in the case of sampling, Member States shall ensure that, by their number, nature and frequency, on-the-spot checks are representative of the entirety of their territory and correspond, where applicable, to the volume of the wine products marketed or held with a view to their marketing.

*Article 30***Administrative checks**

1. Administrative checks shall be carried out on all applications for support, payment claims or other declarations and requests of modification submitted by a beneficiary or a third party, and shall cover all elements that can be checked and are appropriate to be checked by means of administrative checks.

Where relevant, administrative checks shall include cross-checks with, inter alia, data from the integrated administration and control system provided for in Chapter 2 of Title V of Regulation (EU) No 1306/2013.

The procedures shall require recording of the control work undertaken, the results of the verification and the measures taken in the event of discrepancies.

2. Administrative checks on applications for support shall ensure the compliance of the operation with applicable obligations established by Union or national law or by the support programme. The checks shall include verification of:

- (a) the eligibility of the beneficiary;

- (b) the eligibility criteria, commitments and other obligations of the operation for which an application for support is submitted;
 - (c) the eligibility of the costs of the operation and compliance with the category of costs or calculation method to be used where support is paid on the basis of standard scales of unit costs or of supporting documents to be submitted by the beneficiary, as well as, where applicable, contributions in kind, personnel and administrative costs referred to in Articles 45, 46 and 47 of Delegated Regulation (EU) 2016/1149 respectively;
 - (d) where support is paid on the basis of supporting documents to be submitted by the beneficiary, the reasonableness of the costs submitted, which shall be evaluated using at least one of the following evaluation systems:
 - (i) reference costs;
 - (ii) a comparison of different offers;
 - (iii) an evaluation committee;
 - (e) where applicable, the compliance with the priority criteria and the attribution of weighting for the purposes of the selection procedure referred to in Article 23 of this Regulation.
3. Administrative checks on payment claims shall be systematic and include, where appropriate for the claim in question, verification of:
- (a) the completed operation compared with the operation for which the application for support was submitted and granted;
 - (b) the costs incurred and the payments made by the beneficiary.
4. Administrative checks shall include procedures to avoid irregular double financing with other Union or national schemes.

Article 31

On-the-spot checks

1. Member States shall organise on-the-spot checks on selected operations using an appropriate sample basis where a sample based control is provided for in this Chapter.

Those checks shall be carried out before the final payment is made for an operation.

2. On-the-spot checks may be announced provided that the prior notice does not interfere with their purpose or effectiveness. Any announcement shall be strictly limited to the minimum time period necessary and shall not exceed 14 days.
3. Where applicable, the on-the-spot checks provided for in this Regulation shall be carried out in conjunction with any other checks provided for by Union legislation.

Article 32

Control rate and sampling of on-the-spot checks

1. On-the-spot checks after the implementation of the operations shall be systematic for the measures referred to in Articles 46, 47, 50, 51 of Regulation (EU) No 1308/2013 respectively.

As regards the measures referred to in Articles 45, 48, 49 and 52 of Regulation (EU) No 1308/2013 respectively, a sample based control after the implementation of the operations is allowed. The sample size shall be at least 5 % of the applications, selected in accordance with Article 34 of this Regulation. This sample shall also represent at least 5 % of the amounts covered by the support.

However, in relation to the measure referred to in Articles 45 of Regulation (EU) No 1308/2013, the operations for which the beneficiaries communicated their intention to produce a certificate on the financial statements in accordance with Article 41 of this Regulation shall be systematically checked on the spot at least once before the final payment.

2. Where on-the-spot checks reveal any significant non-compliance in the context of a given support measure at national level or in a region or part of a region, the competent authority shall appropriately increase the percentage of beneficiaries to be checked on-the-spot in the following year.

However, Member States may decrease the minimum level of on-the-spot checks where the management and control systems function properly and the error rates remain at an acceptable level.

Article 33

Content of the on-the-spot checks

1. Article 51(1), (2) and (3) of Commission Implementing Regulation (EU) No 809/2014 ⁽¹⁾ shall apply *mutatis mutandis* to the measures referred to in Articles 45 to 52 of Regulation (EU) No 1308/2013.

2. In all appropriate cases, Member States shall make use of the integrated administration and control system provided for in Chapter 2 of Title V of Regulation (EU) No 1306/2013.

Article 34

Selection of the control sample

1. Control samples for on-the-spot checks allowed under this Chapter shall be selected every year by the competent authority on the basis of a risk analysis and of representativeness of the applications for support submitted. The effectiveness of risk analysis shall be assessed and updated on an annual basis:

- (a) by establishing the relevance of each risk factor;
- (b) by comparing the results of the risk based and randomly selected sample referred to in paragraph 2;
- (c) by taking into account the specific situation in the Member State.

2. To provide the element of representativeness, Member States shall select randomly between 20 and 25 % of the minimum number of beneficiaries to be subjected to on-the-spot checks.

3. The competent authority shall keep records of the reasons why specific beneficiaries were selected for on-the-spot checks. The inspector performing the on-the-spot check shall be informed of those reasons before beginning the check.

Article 35

Control report

1. Every on-the-spot check shall be the subject of a control report which enables the review of all details of the checks carried out.

⁽¹⁾ Commission Implementing Regulation (EU) No 809/2014 of 17 July 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 (OJ L 227, 31.7.2014, p. 69).

As far as checks concern Union financing, the report shall indicate in particular:

- (a) the support measures and operations checked;
- (b) the persons present;
- (c) where applicable, the agricultural areas checked, the agricultural areas measured, the results of the measurements per parcel measured and the measuring methods used;
- (d) the quantities which are covered by the check and their results;
- (e) whether advance notice was given to the beneficiary of the visit and, if so, how much;
- (f) any further control measures carried out.

2. Where discrepancies are found between the information in the application and the actual situation found during the check carried out on the spot or by remote sensing, the beneficiary shall receive a copy of the control report and shall have the opportunity to sign it before the competent authority draws its conclusions from the findings with regard to any resulting reductions or exclusions.

Article 36

Control bodies

1. Where a Member State designates several competent bodies to check compliance with the rules governing the support measures in the wine sector, it shall coordinate the work of those bodies.

2. Each Member State shall designate a single liaison body responsible for contacts with the liaison bodies of other Member States and with the Commission. In particular, the liaison body shall receive and forward requests for cooperation with a view to implementing this Chapter, and shall represent its Member State vis-à-vis other Member States or the Commission.

Article 37

Powers of control officials

Each Member State shall take all appropriate measures to facilitate the work of the officials of its competent bodies. It shall ensure in particular that such officials, where appropriate in conjunction with officials of other departments which it authorises for the purpose:

- (a) have access to vineyards, wine-making and storage installations, installations for processing wine-sector products and vehicles for transporting those products;
- (b) have access to the commercial premises or warehouses and vehicles of anyone holding with a view to sale, marketing or transporting wine-sector products or products which may be intended for use in the wine sector;
- (c) may take samples of wine-sector products, substances or products which may be used for the preparation of such products and products held with a view to sale, marketing or transport;
- (d) have access to accounting data and other documents of use in control procedures, and make copies or extracts thereof.

*Article 38***Assistance on request**

1. Where a competent body of a Member State undertakes control activities on its territory, it may request information from a competent body of any other Member State liable to be affected directly or indirectly. Where such a request is made the assistance shall be provided in a timely manner.

The requested body shall provide all such information as may enable the requesting body to carry out its duties.

2. Where a reasoned request is made by the requesting body, the requested body shall perform special supervision or checks with a view to achieving the aims pursued, or shall take the necessary steps to ensure that such supervision or checks are performed.

3. The requested body shall act as though on its own behalf.

4. In agreement with the requested body, the requesting body may designate officials:

- (a) either to obtain, on the premises of the administrative authorities coming under the Member State in which the requested body is established, information or copies of documents relating to the application of the rules in the wine sector or to control activities;
- (b) or to be present during operations requested under paragraph 2, after advising the requested body in good time before the start of those operations.

The copies referred to in point (a) of the first subparagraph may be made only with the agreement of the requested body.

5. The officials of the requested body shall remain in charge of the control operations at all times.

6. The officials of the requesting body shall:

- (a) produce a written order indicating their identity and official position;
- (b) be accorded, without prejudice to the limits imposed by the Member State of the requested body on its own officials in carrying out the controls in question:
 - (i) the rights of access provided for in points (a), (b) and (d) of Article 37;
 - (ii) the right to be informed of the results of checks carried out by the officials of the requested body on the samples taken under point (c) of Article 37;
- (c) in the course of checks, conduct themselves in a way compatible with the rules and professional practices which officials of the Member State are expected to follow, and observe professional confidentiality.

7. The requests referred to in this Article shall be forwarded to the requested body in the Member State in question via the liaison body of that Member State. The same procedure shall apply to:

- (a) replies to such requests;
- (b) communications concerning the application of paragraphs 2 and 4.

8. Notwithstanding paragraph 7 and in the interests of quicker and more effective cooperation between them, Member States may permit a competent body to:

- (a) make its request or communication directly to a competent body of another Member State;
- (b) reply directly to requests or communications received from a competent body of another Member State.

*Article 39***Persons subject to checks**

Natural or legal persons and groups of such persons whose professional activities may be the subject of the checks referred to in this Chapter shall not obstruct such checks and shall be required to facilitate them at all times.

*Article 40***Recovery of undue payments**

1. Article 7 of Implementing Regulation (EU) No 809/2014 shall apply *mutatis mutandis*.
2. The implementation of penalties and recovery of unduly paid amounts shall be without prejudice to the notification of irregularities to the Commission pursuant to Commission Regulation (EC) No 1848/2006 ⁽¹⁾.

*SECTION 2***Control of specific measures***Article 41***Checks related to information and promotion operations**

1. For operations implemented under the measures provided for in Article 45 of Regulation (EU) No 1308/2013 for which a total amount of Union contribution of EUR 300 000 or more was considered eligible following the administrative checks on the initial application for support, Member States may allow beneficiaries to submit a certificate on the financial statements accompanying interim or final payment claims covering an amount of Union contribution of EUR 150 000 or more.

Member States may establish lower thresholds where there is evidence that such control method does not increase the risk for the Union funds.

The certificate shall be produced by an approved external auditor and shall provide adequate evidence on the eligibility and reality of the costs proposed, against the following criteria:

- (a) they are actually incurred by the beneficiary or by the organising body to which the beneficiary has entrusted the implementation of the information or promotion operation or parts of it;
- (b) they correspond to the costs considered as eligible by the competent authority following the administrative checks on the initial application for support;
- (c) they are necessary for the implementation of the operation as approved by the competent authority;
- (d) they are identifiable and verifiable, for example being recorded in the accounting records of the beneficiary or of the organising body and determined according to the applicable accounting standards of the Member State where the beneficiary or the organising body is established;
- (e) they comply with the requirements of the applicable tax and social legislation;
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

⁽¹⁾ Commission Regulation (EC) No 1848/2006 of 14 December 2006 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organisation of an information system in this field and repealing Council Regulation (EEC) No 595/91 (OJ L 355, 15.12.2006, p. 56).

2. Beneficiaries shall submit copies of all invoices and supporting documents proving the eligibility and reality of the costs where the certificate referred to in paragraph 1 is not produced.

3. During the administrative checks on payment claims, Member States shall systematically verify the documents submitted against the costs considered as eligible following the administrative checks on the initial application for support and the other criteria listed in paragraph 1.

Where beneficiaries produce a certificate on the financial statement, administrative checks may be carried out on that certificate. However, where the administrative review of the certificate on the financial statement does not provide adequate evidence on the eligibility and reality of the costs and the respect of the criteria listed in paragraph 1, Member States shall request any additional information deemed necessary and carry out further checks if necessary.

4. On-the-spot checks on information and promotion operations may be carried out at the premises of the beneficiary or of the organising body to which the beneficiary has entrusted the implementation of the information or promotion operation or parts of it.

On-the-spot checks shall aim at the verification of the reality and eligibility of the expenditure and shall consist in the examination of the submitted invoices and supporting documents against the accounting registers and, where relevant, other supporting documents.

During the on-the-spot checks, the inspectors may verify a sample covering at least 30 % of the amount of support claimed and at least 5 % of all invoices or other supporting documents submitted or covered by a certificate on the financial statement produced until the time when the on-the-spot check is carried out.

Article 42

Checks related to operations for the restructuring and conversion of vineyards

1. In order to verify compliance with the provisions relating to support for operations for the restructuring and conversion of vineyards provided for in Article 46 of Regulation (EU) No 1308/2013, Member States shall make use of the vineyard register.

Member States shall lay down rules on the procedures for monitoring the implementation of each action within the financial year and the area stated in the application for support in application of Article 13 of Delegated Regulation (EU) 2016/1149.

2. The verification that the grubbing-up as an action for the restructuring and conversion of vineyard has actually taken place, shall be carried out by an on-the-spot check. In the case of grubbing-up of the entire vineyard parcel or if the resolution of the remote sensing is equal to or higher than 1 m², the verification may be carried out by remote sensing.

3. Areas receiving support for operations for the restructuring and conversion of vineyards shall be systematically verified before and after the execution of the operations. The parcels to be checked shall be those for which an application for support has been submitted.

The verification before the operations shall also cover the verification of the existence of the vineyard concerned, the area planted determined in accordance with Article 44 of this Regulation and the exclusion of the normal renewal of vineyards as provided for in the second subparagraph of Article 46(3) of Regulation (EU) No 1308/2013.

The verification referred to in the second subparagraph shall be carried out by an on-the-spot check. However, if the Member State disposes of a graphical tool or an equivalent instrument that allows measurement of the area planted in accordance with Article 44 of this Regulation in the computerised vineyard register, and reliable updated information about the planted grape wine varieties, the verification may be carried out by administrative checks and, consequently, the obligation to carry out an on-the-spot check before the execution of the operations may be limited to 5 % of the applications, selected in accordance with Article 34 of this Regulation, in order to confirm the reliability of the administrative control system.

Should such an on-the-spot check reveal significant irregularities or discrepancies in a region or part of a region, the competent authority shall increase the number of on-the-spot checks appropriately during the year concerned.

*Article 43***Checks related to green harvesting operations**

1. In relation to the green harvesting operations under Article 47 of Regulation (EU) No 1308/2013, Member States shall ensure that:
 - (a) areas receiving green harvesting support are systematically checked on the spot after the execution;
 - (b) the parcels checked shall be those which are the subject of an application for support;
 - (c) the deadline for carrying out the green harvesting operations as referred to in Article 8(d) of this Regulation has been respected;
 - (d) the green harvesting measure is carried out correctly by checking whether an operation is performed successfully.
2. By the checks referred to in paragraph 1 Member States shall verify:
 - (a) the existence of the vineyard concerned and whether the given area has been properly tended;
 - (b) that all bunches have been totally removed or destroyed;
 - (c) which method has been used.
3. In order to ensure that no more marketable grapes are left in the supported parcel, all checks shall take place by 31 July of each year and, in any case, they shall be completed by the normal time of Veraison (Baggiolini stage M, BBCH stage 83) in any given area.
4. For the purposes of the checks provided for in paragraphs 1, 2 and 3, each applicant for support for green harvesting shall keep evidence of the costs of the relevant operation or of any activities carried out.

*Article 44***Area planted**

1. For the purposes of the measures provided for in Articles 46 and 47 of Regulation (EU) No 1308/2013 respectively, an area planted with vines is defined by the external perimeter of the vine stocks with the addition of a buffer whose width corresponds to half of the distance between the rows. The area planted shall be determined in accordance with Article 38(2) of Implementing Regulation (EU) No 809/2014.
2. Where a Member State decides to verify the eligible costs of operations for the restructuring and conversion of vineyards and green harvesting exclusively on the basis of standard scales of unit costs based on measurement units different from the surface or of supporting documents to be submitted by the beneficiaries in compliance with the second subparagraph of Article 44(1) of Delegated Regulation (EU) 2016/1149, the competent authorities may decide not to measure the area planted as set out in paragraph 1 of this Article.

*Article 45***Verification of conditions for by-product distillation**

In relation to the measure provided for in Article 52 of Regulation (EU) No 1308/2013, the competent authorities of the Member States shall carry out all necessary checks to verify the respect of the conditions and the limit provided for in Article 42 of Delegated Regulation (EU) 2016/1149 in conjunction with Article 52(5) of Regulation (EU) No 1308/2013. Member States may verify the respect of that limit at the level of each producer or at national level.

Member States which opt for verification at national level shall not include in the alcohol balance the quantities which are not intended for distillation, nor those which are intended for the development of products other than alcohol for industrial or energy purposes.

Article 46

Entry into force

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

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

Done at Brussels, 15 April 2016.

For the Commission

The President

Jean-Claude JUNKER

ANNEX I

National support programme**Financial years 2014-2018****Member State ⁽¹⁾:****Date of notification ⁽²⁾:****Revision number:****Reason: modification requested by the Commission/modification requested by the Member State ⁽³⁾****A. Description of the measures proposed as well as their quantified objectives****(1) (a) Information in Member States in accordance with point (a) of Article 45(1) of Regulation (EU) No 1308/2013:***Introduced in the support programme: yes/no — if yes:**Description of the measures proposed:**Proposed strategy:**Quantified objectives:**Beneficiaries:**Application procedure:**Eligibility criteria:**Eligible/non eligible costs:**Priority criteria and respective weighting:**Selection procedure:**Deadlines for the payments to beneficiaries:**Advances: yes/no, if yes: maximum rate and conditions:**Demarcation with other Union or national schemes and verification system implemented to avoid double funding:**State aid: yes/no, if yes: maximum rate and conditions:***(b) Promotion on third country market in accordance with point (b) of Article 45(1) of Regulation (EU) No 1308/2013:***Introduced in the support programme: yes/no — if yes:**Description of the measures proposed:**Proposed strategy:**Quantified objectives:**Beneficiaries:**Application procedure:**Eligibility criteria:*

⁽¹⁾ Publications Office acronym to be used.

⁽²⁾ Notification deadline: 1 March and 30 June.

⁽³⁾ Strike through the element that is not applicable.

Eligible/non eligible costs:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

State aid: yes/no, if yes: maximum rate and conditions:

(2) (a) **Restructuring and conversion of vineyards in accordance with points (a), (b) and (d) of Article 46(3) of Regulation (EU) No 1308/2013:**

Introduced in the support programme: yes/no — if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Application of standard scales of unit costs/contributions in kind: yes/no

— if yes: information on the method of calculation and annual adaptation:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

(b) **Replanting of vineyards for health or phytosanitary reasons in accordance with point (c) of Article 46(3) of Regulation (EU) No 1308/2013:**

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Application of standard scales of unit costs/contributions in kind: yes/no

— if yes: information on the method of calculation and annual adaptation:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

(3) Green harvesting in accordance with Article 47 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Application of standard scales of unit costs/contributions in kind: yes/no

— if yes: information on the method of calculation and annual adaptation:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

(4) Mutual funds in accordance with Article 48 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

(5) Harvest insurance in accordance with Article 49 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

State aid: yes/no, if yes: maximum rate and conditions:

(6) Investments in enterprises in accordance with Article 50 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

State aid: yes/no, if yes: maximum rate and conditions:

(7) Innovation in the wine sector in accordance with Article 51 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed:

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Priority criteria and respective weighting:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

Demarcation with other Union or national schemes and verification system implemented to avoid double funding:

(8) By-product distillation in accordance with Article 52 of Regulation (EU) No 1308/2013:

Introduced in the support programme: yes/no, if yes:

Description of the measures proposed (including level of the support):

Proposed strategy:

Quantified objectives:

Beneficiaries:

Application procedure:

Eligibility criteria:

Eligible/non eligible costs:

Selection procedure:

Deadlines for the payments to beneficiaries:

Advances: yes/no — if yes: maximum rate and conditions:

B. Results of consultations held:

C. Overall strategy:

D. Appraisal showing the expected technical, economic, environmental and social impact:

E. Schedule for implementing the measures:

F. General financing table given in the format of Annex II (revision number to be specified):

G. Criteria and other quantitative indicators to be used for monitoring and evaluation:

H. Steps taken to ensure that the programme is implemented appropriately and effectively:

I. Designation of competent authorities and bodies responsible for implementing the programme:

J. Internet site where the national legislation related to the support programme is publicly available:

ANNEX II

Financial allocation of the national support programme ⁽¹⁾

(in 1 000 EUR)

Member State ^(*):**Date of notification ^(**):****Date of previous notification:****Number of this amended table:****Reason: modification requested by the Commission/modification requested by the Member State ^(***)**

			Financial year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1 — Promotion	Article 45	Previous notification						
		Amended amount						
2a — Restructuring and conversion of vineyards	Article 46(3)(a), (b),(d)	Previous notification						
		Amended amount						
2b — Replanting of vineyards for health or phytosanitary reasons	Article 46(3)(c)	Previous notification						
		Amended amount						
3 — Green harvesting	Article 47	Previous notification						
		Amended amount						
4 — Mutual funds	Article 48	Previous notification						
		Amended amount						
5 — Harvest insurance	Article 49	Previous notification						
		Amended amount						
6 — Investments in enterprise	Article 50	Previous notification						
		Amended amount						

⁽¹⁾ The amounts also include the expenses of operations launched in the framework of the first five-year programme 2009-2013 and for which payment is done in the second five-year programme 2014-2018.

(in 1 000 EUR)

			Financial year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7 — Innovation	Article 51	Previous notification						
		Amended amount						
8 — By-products distillation	Article 52	Previous notification						
		Amended amount						
TOTAL		Previous notification						
		Amended amount						

(*) Publications Office acronym to be used.

(**) Notification deadline: 30 June.

(***) Strike through the element that is not applicable.

ANNEX III

Reporting on the implementation of the national support programme**Financial year:****Date of notification:****Revision number:****Member State ⁽¹⁾:****A. Global assessment:****B. Conditions and results of the implementation of measures proposed ⁽²⁾**

- (1) (a) **Information in Member States in accordance with point (a) of Article 45(1) of Regulation (EU) No 1308/2013:**

*Conditions of the implementation:**Results ⁽³⁾**Realisation of the objectives set in the support programme:**State aid:*

- (b) **Promotion on third country markets in accordance with point (b) of Article 45(1) of Regulation (EU) No 1308/2013:**

*Conditions of the implementation:**Results ⁽³⁾**Volume of exports per destination in hl:**Evolution of the part of MS wines on the foreign markets per target market:**Volume of exports per destination in hl**Value of exports per destination in EUR**Realisation of the objectives set in the support programme:**State aid:*

- (2) (a) **Restructuring and conversion of vineyards in accordance with points (a), (b) and (d) of Article 46(3) of Regulation (EU) No 1308/2013:**

*Conditions of the implementation:**Results:*

- (b) **Replanting of vineyards for health or phytosanitary reasons in accordance with point (c) of Article 46(3) of Regulation (EU) No 1308/2013:**

*Conditions of the implementation:**Results:**Realisation of the objectives set in the support programme:*

- (3) **Green harvesting in accordance with Article 47 of Regulation (EU) No 1308/2013:**

Conditions of the implementation:

⁽¹⁾ Publications Office acronym to be used.

⁽²⁾ Only points concerning the measures which were introduced in the support programme must be filled in.

⁽³⁾ Appraisal of the technical, economic, environmental and social impact based on criteria and quantitative indicators defined for monitoring and evaluation in the notified programme.

Results, including evolution of stocks:

Realisation of the objectives set in the support programme:

(4) Mutual funds in accordance with Article 48 of Regulation (EU) No 1308/2013:

Conditions of the implementation:

Results:

Realisation of the objectives set in the support programme:

(5) Harvest insurance in accordance with Article 49 of Regulation (EU) No 1308/2013:

Conditions of the implementation:

Results:

Number of hectares insured in the wine sector compared to other agricultural lands:

Type of insurance financed:

Expenditure by type of insurance:

Number of beneficiaries by type of insurance:

Realisation of the objectives set in the support programme:

State aid:

(6) Investments in enterprises in accordance with Article 50 of Regulation (EU) No 1308/2013:

Conditions of the implementation:

Results:

Realisation of the objectives set in the support programme:

State aid:

(7) Innovation in accordance with Article 51 of Regulation (EU) No 1308/2013:

Conditions of the implementation:

Results:

Realisation of the objectives set in the support programme:

(8) By-product distillation in accordance with Article 52 of Regulation (EU) No 1308/2013:

Conditions of the implementation (including level of support):

Results:

Realisation of the objectives set in the support programme:

C. Conclusions (and, if needed, envisaged modifications)

Technical data concerning the national support programme ⁽¹⁾

(financial amounts in 1 000 EUR)

Member State (*):

Date of notification (**):

Date of previous notification:

Number of this amended table:

Measures	Regulation (EU) No 1308/2013		Financial Year					2014-2018
			2014	2015	2016	2017	2018	
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1a — Information in Mem- ber States	Article 45(1)(a)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						

⁽¹⁾ Insert execution data for financial years already incurred and forecast data for the current financial year and those to come.

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1b — Promotion on third country markets	Article 45(1)(b)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						
2. — Restructuring and con- version of vineyards	Article 46	Total Union expenditure						
		Total expenditure of ben- eficiaries, where applicable						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2.a. — Replanting of vine- yards for health or phytosanitary reasons		Average Union contribu- tion per operation						
		Total area covered (ha)						
		Average Union contribu- tion (EUR/ha)						
	Article 46(3)(c)	Total Union expenditure						
		Total expenditure of ben- eficiaries, where applicable						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total area covered (ha)						
		Average Union contribu- tion (EUR/ha)						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
3 — Green harvesting	Article 47	Total Union expenditure						
		Total expenditure of ben- eficiaries, where applicable						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operations						
		Total area covered (ha)						
		Average Union contribu- tion (EUR/ha)						
4 — Mutual funds	Article 48	Total Union Expenditure						
		Number of new Funds						
		Average Union contribu- tion per Fund						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
5 — Harvest insurance	Article 49	Total Union Expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of financed insu- rance policies						
		Average Union contribu- tion per insurance policy						
		Total amount of State aid						
6.a — Investments in enter- prise	Article 50	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6.b — Investments in enter- prise in convergence regions		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						
	Article 50(4)(a)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6.c — Investments in enter- prise in other than convergence regions	Article 50(4)(b)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						
6.d — Investments in enter- prise in outermost re- gions	Article 50(4)(c)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6.e — Investments in enter- prise in small Aegean Islands regions		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						
	Article 50(4)(d)	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
		Total amount of State aid						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7 — Innovation	Article 51	Total Union expenditure						
		Total expenditure of ben- eficiaries						
		Number of beneficiaries						
		Average Union contribu- tion per beneficiary						
		Number of operations						
		Average Union contribu- tion per operation						
8 — By-products distillation	Article 52	Total Union expenditure						
		Number of beneficiaries (distilleries)						
		Average Union contribu- tion per beneficiary						
		Lees: Range of max support (EUR/%vol/hl)						
		Marc: Range of max sup- port (EUR/%vol/Ton						

(financial amounts in 1 000 EUR)

			Financial Year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	2014-2018
			Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Execution/Fore- cast	Total Execution + Forecast
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Hl of Lees distilled						
		Ton of marcs distilled						
		Mio hl alcohol obtained						
		Average Union contribu- tion/Hl alc obtained						

(*) Publications Office acronym to be used.

(**) Notification deadline: 1 March.

Notification on the promotion measure**Financial years 2014-2018:****1. Information in Member States****Member State:****Forecasts/execution (*)****Date of notification (**):****Date of previous notification:****Number of this amended table:**

Beneficiaries	Eligible measure (Article 45(1)(a) of Regulation (EU) No 1308/2013)	Description (***)	Targeted market	Period	Eligible expenditure (EUR)	of which Union contribution (EUR)	of which other public support if any (EUR)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
...							

(*) Strike through the element that is not applicable.

(**) Notification deadline: every 1 March.

(***) Including if the promotion measure is organised in cooperation with one or more other Member States.

2. Promotion in third countries**Member State:****Forecasts/execution (*)****Date of notification (**):****Date of previous notification:****Number of this amended table:**

Beneficiaries	Eligible measure (Article 45(1)(b) of Regulation (EU) No 1308/2013)	Description (***)	Targeted market	Period	Eligible expenditure (EUR)	of which Union contribution (EUR)	of which other public support if any (EUR)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
...							

(*) Strike through the element that is not applicable.
 (**) Notification deadline: every 1 March.
 (***) Including if the promotion measure is organised in cooperation with one or more other Member States.

Annual report on checks carried out

Financial year:

Member State ⁽¹⁾:Date of notification ⁽²⁾:Measure ⁽³⁾:

1. Number of checks

Paying agency	Name of the unit ⁽¹⁾	Total amount of support allocated (Budget)	Total amount of support claimed	Total amount of support paid		Number of units paid ⁽¹⁾	Total number of support applications submitted	Total number of support applications paid	Total number of beneficiaries	CHECKS Regulation (EU) No 1306/2013 and this Regulation					
										Administrative checks Art. 59(1)		On-the-spot checks (OTSC) ⁽²⁾ under Art. 59(2)			
										Total number of support applications checked	Total amount of the support applications checked	Sample: risk selection ⁽²⁾		Sample: random selection ⁽²⁾	
												Number of support applications subject to a risk-based OTSC	Amount of support claimed and subject to a risk-based OTSC	Number of support applications subject to a random OTSC	Amount of support claimed and subject to a random OTSC
				EUR	EUR					EUR	EUR	number	number	number	number
A	B	C	D	E	F	G	H	I	J	K	L	M	N		
PA_1															
PA_2															
...															

⁽¹⁾ The term 'units' is intended to refer to the number of operations, hectares, tons, litres, etc. according to the measure/operation/action as appropriate.⁽²⁾ In case of 100 % checks please report everything under 'risk-based' OTSC.⁽¹⁾ Publications Office acronym to be used.⁽²⁾ Notification deadline: 1 March.⁽³⁾ One notification to be filled in for each measure of the support programme.

2. Results of checks

Paying agency	RESULTS OF THE CHECKS									Amount of support reduction Regulation (EU) No 1306/2013 Art. 64		
	Administrative checks			On-the-spot checks								
	Number of aid applications with irregularities ⁽¹⁾ detected by administrative check	Amount of irregularities detected by administrative check ⁽²⁾	Error rate by amount	Number of aid applications with irregularities		Amount of irregularities		Error rate				
				Detected on risk-based sample	Detected on random based sample	Detected on risk-based sample	Detected on random based sample	Risk	Random	From administrative checks	From on-the-spot checks	Total support reduction from administrative and on-the-spot checks
	number	EUR	%	number	number	EUR	EUR	%	%	EUR	EUR	EUR
	O	P	Q = P/J	R	S	T	U	V = T/L	W = U/N	X = P	Y = T + U	α = X + Y
PA_1												
PA_2												
...												

⁽¹⁾ In this context, the term 'irregularity' is intended to include any finding, anomaly or divergences leading to a change in the amount paid, or which would have been paid before the application of penalties

⁽²⁾ — If the administrative check detects an irregularity, and the same support claim is also the subject of an OTSC which finds no further irregularity, the irregularity must be attributed to the administrative check.

— If an administrative check detects a suspected irregularity, and an OTSC is then scheduled in order to investigate further, and the OTSC confirms the suspected irregularity, it must be attributed to the administrative check.

— If an administrative check detects an irregularity, and an OTSC on the same support claim finds an additional irregularity, the two irregularities must be counted separately.

Information on State aid

on State aid already authorised under Articles 107, 108 and 109 of the Treaty, on State aid exempted from any notification obligation or on the use of a *de minimis* scheme ⁽¹⁾

Member State (*):

Region(s) concerned (if applicable):

Date of notification ():**

Measure code	Name of the aid measure	Legal basis of the measure	Duration of the aid measure

(*) OP acronym to be used.

(**) Notification deadline: every 1 March.

Indicate respectively:

- for measures covered by a *de minimis* Regulation: 'Any aid granted under this measure will be in conformity with Regulation (EU) No 1407/2013 (processing and marketing of agricultural products) or Regulation (EU) No 1408/2013 (primary production)' ⁽²⁾,
- for aid exempted from notification: reference to the registration number (SA number),
- for authorised aid: reference to Commission State aid approval decision, including State aid number (SA number) and references of approval letter.

⁽¹⁾ Notification referred to in Article 20(1) (*Notification related to State aid*).

⁽²⁾ Please indicate which Regulation is applicable.

COMMISSION REGULATION (EU) 2016/1151**of 12 July 2016****establishing a prohibition of fishing for redfish in Greenland waters of NAFO 1F and Greenland waters of V and XIV as well as in international waters of the Redfish Conservation Area by vessels flying the flag of Latvia**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1224/2009 of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the common fisheries policy ⁽¹⁾, and in particular Article 36(2) thereof,

Whereas:

- (1) Council Regulation (EU) 2016/72 ⁽²⁾ lays down quotas for 2016.
- (2) According to the information received by the Commission, catches of the stock referred to in the Annex to this Regulation by vessels flying the flag of or registered in the Member State referred to therein have exhausted the quota allocated for 2016.
- (3) It is therefore necessary to prohibit fishing activities for that stock,

HAS ADOPTED THIS REGULATION:

*Article 1***Quota exhaustion**

The fishing quota allocated to the Member State referred to in the Annex to this Regulation for the stock referred to therein for 2016 shall be deemed to be exhausted from the date set out in that Annex.

*Article 2***Prohibitions**

Fishing activities for the stock referred to in the Annex to this Regulation by vessels flying the flag of or registered in the Member State referred to therein shall be prohibited from the date set out in that Annex. In particular it shall be prohibited to retain on board, relocate, tranship or land fish from that stock caught by those vessels after that date.

*Article 3***Entry into force**

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

⁽¹⁾ OJ L 343, 22.12.2009, p. 1.

⁽²⁾ Council Regulation (EU) 2016/72 of 22 January 2016 fixing for 2016 the fishing opportunities for certain fish stocks and groups of fish stocks, applicable in Union waters and, for Union fishing vessels, in certain non-Union waters, and amending Regulation (EU) 2015/104 (OJ L 22, 28.1.2016, p. 1).

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

Done at Brussels, 12 July 2016.

*For the Commission,
On behalf of the President,
João AGUIAR MACHADO
Director-General for Maritime Affairs and Fisheries*

ANNEX

No	13/TQ72
Member State	Latvia
Stock	RED/N1G14P and RED/*5-14P
Species	Redfish (<i>Sebastes</i> spp.)
Zone	Greenland waters of NAFO 1F and Greenland waters of V and XIV + international waters of the Redfish Conservation Area
Closing date	9.6.2016

COMMISSION REGULATION (EU) 2016/1152**of 12 July 2016****establishing a prohibition of fishing for redfish in Greenland waters of NAFO 1F and Greenland waters of V and XIV as well as in international waters of the Redfish Conservation Area by vessels flying the flag of Germany**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1224/2009 of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the common fisheries policy ⁽¹⁾, and in particular Article 36(2) thereof,

Whereas:

- (1) Council Regulation (EU) 2016/72 ⁽²⁾ lays down quotas for 2016.
- (2) According to the information received by the Commission, catches of the stock referred to in the Annex to this Regulation by vessels flying the flag of or registered in the Member State referred to therein have exhausted the quota allocated for 2016.
- (3) It is therefore necessary to prohibit fishing activities for that stock,

HAS ADOPTED THIS REGULATION:

*Article 1***Quota exhaustion**

The fishing quota allocated to the Member State referred to in the Annex to this Regulation for the stock referred to therein for 2016 shall be deemed to be exhausted from the date set out in that Annex.

*Article 2***Prohibitions**

Fishing activities for the stock referred to in the Annex to this Regulation by vessels flying the flag of or registered in the Member State referred to therein shall be prohibited from the date set out in that Annex. In particular it shall be prohibited to retain on board, relocate, tranship or land fish from that stock caught by those vessels after that date.

*Article 3***Entry into force**

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

⁽¹⁾ OJ L 343, 22.12.2009, p. 1.

⁽²⁾ Council Regulation (EU) 2016/72 of 22 January 2016 fixing for 2016 the fishing opportunities for certain fish stocks and groups of fish stocks, applicable in Union waters and, for Union fishing vessels, in certain non-Union waters, and amending Regulation (EU) 2015/104 (OJ L 22, 28.1.2016, p. 1).

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

Done at Brussels, 12 July 2016.

*For the Commission,
On behalf of the President,
João AGUIAR MACHADO
Director-General for Maritime Affairs and Fisheries*

ANNEX

No	14/TQ72
Member State	Germany
Stock	RED/N1G14P and RED/*5-14P
Species	Redfish (<i>Sebastes</i> spp.)
Zone	Greenland waters of NAFO 1F and Greenland waters of V and XIV + international waters of the Redfish Conservation Area
Closing date	11.6.2016

COMMISSION IMPLEMENTING REGULATION (EU) 2016/1153**of 14 July 2016****fixing the adjustment rate for direct payments pursuant to Regulation (EU) No 1306/2013 of the European Parliament and of the Council in respect of the calendar year 2016**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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 ⁽¹⁾, and in particular Article 26(3) thereof,

After consulting the Committee on the Agricultural Funds,

Whereas:

- (1) Pursuant to Article 25 of Regulation (EU) No 1306/2013 a reserve intended to provide additional support for the agricultural sector in the case of major crises affecting the agricultural production or distribution is to 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 of that Regulation.
- (2) Article 26(1) of Regulation (EU) No 1306/2013 provides that in order to ensure that the annual ceilings set out in Council Regulation (EU, Euratom) No 1311/2013 ⁽²⁾ for the financing of the market related expenditure and direct payments are respected, an adjustment rate for direct payments is to 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.
- (3) The amount of the reserve for crises in the agricultural sector, included in the Commission 2017 draft budget, amounts to EUR 450,5 million in current prices. To cover that amount, the financial discipline mechanism has to apply to direct payments under the support schemes listed in Annex I to Regulation (EU) No 1307/2013 of the European Parliament and of the Council ⁽³⁾ in respect of the calendar year 2016.
- (4) The forecasts for the direct payments and market related expenditure determined in the Commission 2017 draft budget indicate that there is no need for any further financial discipline.
- (5) Acting in accordance with Article 26(2) of Regulation (EU) No 1306/2013, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of the calendar year 2016 ⁽⁴⁾ on 22 March 2016.
- (6) The European Parliament and the Council have not determined that adjustment rate by 30 June 2016. Therefore, in accordance with Article 26(3) of Regulation (EU) No 1306/2013, the Commission is to fix the adjustment rate by means of an implementing act and inform the European Parliament and the Council immediately thereof.
- (7) In accordance with Article 26(4) of Regulation (EU) No 1306/2013, the adjustment rate may be adapted by the Commission until 1 December 2016, on the basis of new information in its possession. In the event of new information, the Commission will take it into account and will adopt an implementing regulation adapting the adjustment rate by 1 December 2016, in the context of the Amending Letter to the draft budget 2017.

⁽¹⁾ OJ L 347, 20.12.2013, p. 549.

⁽²⁾ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014–2020 (OJ L 347, 20.12.2013, p. 884).

⁽³⁾ Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

⁽⁴⁾ COM(2016) 159 final.

- (8) As a general rule, farmers submitting an aid application for direct payments for 1 calendar year (N) are paid within a fixed payment period falling within the financial year (N+1). However, Member States may make late payments to farmers beyond that payment period, within certain limits. Such late payments may be made in a subsequent financial year. When financial discipline is applied for a given calendar year, the adjustment rate should not be applied to payments for which aid applications have been submitted in calendar years other than the calendar year for which the financial discipline applies. Therefore, in order to ensure equal treatment of farmers, it is appropriate to provide that the adjustment rate is to be applied only to payments for which aid applications have been submitted in the calendar year for which the financial discipline is applied, irrespective of when the payment to farmers is made.
- (9) Article 8(1) of Regulation (EU) No 1307/2013 provides that the adjustment rate applied to direct payments determined in accordance with Article 26 of Regulation (EU) No 1306/2013 is to apply only to direct payments in excess of EUR 2 000 to be granted to farmers in the corresponding calendar year. Furthermore, Article 8(2) of Regulation (EU) No 1307/2013 provides that, as a result of the gradual introduction of direct payments, the adjustment rate is to apply to Croatia only from 1 January 2022. The adjustment rate to be determined by this Regulation should therefore not apply to payments to farmers in that Member State,

HAS ADOPTED THIS REGULATION:

Article 1

1. For the purpose of fixing the adjustment rate in accordance with Articles 25 and 26 of Regulation (EU) No 1306/2013, and in accordance with Article 8(1) of Regulation (EU) No 1307/2013, the amounts of direct payments under the support schemes listed in Annex I to Regulation (EU) No 1307/2013 to be granted to farmers in excess of EUR 2 000 for an aid application submitted in respect of the calendar year 2016 shall be reduced by an adjustment rate of 1,366744 %.
2. The reduction provided for in paragraph 1 shall not apply in Croatia.

Article 2

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

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

Done at Brussels, 14 July 2016.

For the Commission

The President

Jean-Claude JUNKER

COMMISSION IMPLEMENTING REGULATION (EU) 2016/1154**of 14 July 2016****establishing the standard import values for determining the entry price of certain fruit and vegetables**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 ⁽¹⁾,

Having regard to Commission Implementing Regulation (EU) No 543/2011 of 7 June 2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors ⁽²⁾, and in particular Article 136(1) thereof,

Whereas:

- (1) Implementing Regulation (EU) No 543/2011 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in Annex XVI, Part A thereto.
- (2) The standard import value is calculated each working day, in accordance with Article 136(1) of Implementing Regulation (EU) No 543/2011, taking into account variable daily data. Therefore this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 136 of Implementing Regulation (EU) No 543/2011 are fixed in the Annex to this Regulation.

Article 2

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

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

Done at Brussels, 14 July 2016.

*For the Commission,
On behalf of the President,
Jerzy PLEWA*

Director-General for Agriculture and Rural Development

⁽¹⁾ OJ L 347, 20.12.2013, p. 671.

⁽²⁾ OJ L 157, 15.6.2011, p. 1.

ANNEX

Standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)		
CN code	Third country code ⁽¹⁾	Standard import value
0702 00 00	MA	166,2
	ZZ	166,2
0709 93 10	TR	134,4
	ZZ	134,4
0805 50 10	AR	190,6
	BO	217,8
	CL	114,2
	UY	200,2
	ZA	175,8
	ZZ	179,7
	ZZ	179,7
0808 10 80	AR	162,1
	BR	91,4
	CL	133,9
	CN	102,6
	NZ	144,3
	US	184,2
	ZA	109,9
	ZZ	132,6
	ZZ	132,6
	ZZ	132,6
0808 30 90	AR	178,2
	CL	126,3
	NZ	249,7
	ZA	133,2
	ZZ	171,9
0809 10 00	TR	194,0
	ZZ	194,0
0809 29 00	TR	279,5
	ZZ	279,5

⁽¹⁾ Nomenclature of countries laid down by Commission Regulation (EU) No 1106/2012 of 27 November 2012 implementing Regulation (EC) No 471/2009 of the European Parliament and of the Council on Community statistics relating to external trade with non-member countries, as regards the update of the nomenclature of countries and territories (OJ L 328, 28.11.2012, p. 7). Code 'ZZ' stands for 'of other origin'.

DECISIONS

COMMISSION IMPLEMENTING DECISION (EU) 2016/1155

of 14 July 2016

on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and the Council

(notified under document C(2016) 4363)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC ⁽¹⁾, and in particular the first subparagraph of Article 46(2) thereof,

Whereas:

- (1) Pursuant to Article 45(1) of Directive 2006/43/EC, the competent authorities of a Member State are required to register all third-country auditors and audit entities that provide audit reports concerning the annual or consolidated financial statements of companies incorporated outside the Union whose transferable securities are admitted to trading on a regulated market of that Member State. Article 45(3) of Directive 2006/43/EC requires Member States to subject such auditors and audit entities to their systems of public oversight, quality assurance, investigations and penalties.
- (2) Member States may disapply or modify on the basis of reciprocity the requirements of Article 45(1) and (3) of Directive 2006/43/EC in relation to the auditors and audit entities of a third country provided that the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of that third country are deemed to be equivalent to the requirements under the Directive. The conditions under which the requirements of Article 45(1) and (3) of Directive 2006/43/EC may be disappplied or modified as a consequence of the determination of equivalence are, as a general rule, set out in a cooperative arrangement as referred to in Article 46(3) of Directive 2006/43/EC between the Member State and the relevant third country system of public oversight, quality assurance and investigations and penalties, and communicated to the Commission.
- (3) By Implementing Decision 2013/281/EU ⁽²⁾, the Commission considered that the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the competent authorities of the United States, namely the Securities and Exchange Commission of the United States of America and the Public Company Accounting Oversight Board of the United States of America, were equivalent to the public oversight, quality assurance, investigation and penalty systems for auditors and audit firms of the Member States. That Implementing Decision ceases to apply on 31 July 2016. Therefore, the equivalence of those systems should be reassessed.
- (4) The limitation in time of the application of Implementing Decision 2013/281/EU was due to the lack of mutual reliance on each other's oversight systems. Therefore, the mechanism of cooperation between the competent authorities of the Member States and the competent authorities of the United States has been reviewed in order

⁽¹⁾ OJ L 157, 9.6.2006, p. 87.

⁽²⁾ Commission Implementing Decision 2013/281/EU of 11 June 2013 on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and the Council (OJ L 161, 13.6.2013, p. 8).

to assess the progress made towards reaching mutual reliance. Since the adoption of Implementing Decision 2013/281/EU, certain forms of reliance have been established, including a commitment to avoid unnecessary duplication of work and to define approaches to cooperation leading to a higher degree of reliance in the future.

- (5) In the case of a company incorporated in the United States whose transferable securities are admitted to trading on a regulated market of a Member State, but which are not admitted to trading in the United States, Member States should ensure that all the audit engagements related to the financial statements of such a company are covered by the cooperative arrangements concluded with the competent authorities of the United States to determine which public oversight, quality assurance, investigation and penalty system will apply to the auditors of such companies. Where such audit engagements are undertaken by an auditor or audit entity of another Member State, the Member States concerned should cooperate to ensure that the audit engagement is included in the scope of one of their public oversight, quality assurance, investigation and penalty systems. Those arrangements do not prevent Member States from establishing cooperative arrangements on individual quality assurance reviews between their competent authorities and the competent authorities of the United States.
- (6) Any conclusion on the equivalence of the systems of public oversight, quality assurance and investigations and penalties of a third country pursuant to Article 46(2) of Directive 2006/43/EC does not pre-empt any decision that the Commission may adopt on the adequacy of the requirements met by the competent authorities of that third country pursuant to the first subparagraph of Article 47(3) of that Directive.
- (7) The ultimate objective of cooperation between the competent authorities of the Member States and those of the United States in the field of public oversight, quality assurance, investigations and penalties systems for auditors and audit firms is to reach mutual reliance on each other's oversight systems based on their equivalence.
- (8) The Commission has carried out an equivalence assessment of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the Securities and Exchange Commission of the United States of America and the Public Company Accounting Oversight Board of the United States of America, with the assistance of the European Group of Auditors' Oversight Bodies. The assessment was carried out in the light of the requirements set out in Articles 29, 30 and 32 of Directive 2006/43/EC which govern the public oversight, quality assurance, investigation and penalty systems for auditors and audit firms of the Member States. The public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the Securities and Exchange Commission of the United States of America and the Public Company Accounting Oversight Board of the United States of America meet requirements that are equivalent to those set out in Articles 29, 30 and 32 of that Directive.
- (9) The Public Company Accounting Oversight Board of the United States of America has competence in the public oversight, quality assurance and investigation of auditors and audit firms. The Securities and Exchange Commission of the United States of America has competence to oversee the Public Company Accounting Oversight Board's operations.
- (10) The competent authorities of the United States intend to further evaluate the systems of public oversight, quality assurance and investigations and penalties in the Member States before deciding to fully rely on the oversight performed by their competent authorities. Therefore, considering that the derogation provided for in Article 46 of Directive 2006/43/EC is based on the principle of reciprocity, the mechanism of cooperation between the competent authorities of the Member States and the competent authorities of the United States should be reviewed to assess the progress made towards reaching mutual reliance on each other's oversight systems. That review should also take account of the fact whether the Member States encountered difficulties in obtaining recognition of equivalence in respect of their public oversight, quality assurance, investigation and penalty systems for auditors and audit firms by the competent authorities of the United States. For that reason, this Decision should be applicable for a limited period of time.
- (11) Notwithstanding the time limitation, the Commission will monitor developments in the supervisory and regulatory cooperation on a regular basis. This Decision will be reviewed as appropriate in light of the supervisory and regulatory changes in the Union and in the United States, taking into account available sources of relevant information. That review may lead to the withdrawal of the declaration of equivalence.
- (12) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 48(1) of Directive 2006/43/EC,

HAS ADOPTED THIS DECISION:

Article 1

For the purposes of Article 46(1) of Directive 2006/43/EC, the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of the Securities and Exchange Commission of the United States of America and the Public Company Accounting Oversight Board of the United States of America shall be considered to meet requirements that are equivalent to those of Articles 29, 30 and 32 of that Directive.

Article 2

Article 1 shall be without prejudice to cooperative arrangements on individual quality assurance reviews between the competent authorities of a Member State and the competent authorities of the United States.

Article 3

This Decision shall apply from 1 August 2016 to 31 July 2022.

Article 4

This Decision is addressed to the Member States.

Done at Brussels, 14 July 2016.

For the Commission
Jonathan HILL
Member of the Commission

COMMISSION IMPLEMENTING DECISION (EU) 2016/1156**of 14 July 2016****on the adequacy of the competent authorities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and of the Council***(notified under document C(2016) 4364)***(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC ⁽¹⁾, and in particular the first subparagraph of Article 47(3) thereof,

Whereas:

- (1) Under Article 47(1) of Directive 2006/43/EC, the competent authorities of Member States may allow the transfer of audit working papers or other documents held by statutory auditors or audit firms approved by them and of inspection or investigation reports relating to the audits in question to the competent authorities of a third country only if those authorities meet requirements that have been declared adequate by the Commission and there are reciprocal working arrangements between them and the competent authorities of the Member States concerned.
- (2) By Implementing Decision 2013/280/EU ⁽²⁾, the Commission considered that the competent authorities of the United States, namely the Public Company Accounting Oversight Board of the United States of America and the Securities and Exchange Commission of the United States of America, meet requirements that are adequate for the purposes of Article 47(1)(c) of Directive 2006/43/EC. That Implementing Decision is applicable since 1 August 2013 and will cease to apply on 31 July 2016. Therefore, it is necessary to determine whether the competent authorities of the United States continue to meet requirements which are adequate for the purpose of having audit working papers or other documents held by statutory auditors or audit firms and inspection or investigation reports transferred to them.
- (3) The limitation in time of the application of Implementing Decision 2013/280/EU was due to the lack of mutual reliance on each other's oversight systems. Therefore, in particular, the mechanism of cooperation between the competent authorities of the Member States and the competent authorities of the United States has been reviewed in order to assess the progress made towards reaching mutual reliance. Since the adoption of Implementing Decision 2013/280/EU, certain forms of reliance have been established, including a commitment to avoid unnecessary duplication of work and to define approaches to cooperation leading to a higher degree of reliance in the future.
- (4) A decision on adequacy under Article 47(3) of Directive 2006/43/EC does not address other specific requirements for the transfer of audit working papers and other documents held by statutory auditors or audit firms and of inspection or investigation reports, such as the agreement on reciprocal working arrangements between the competent authorities set out in Article 47(1)(d) of that Directive, or the requirements for the transfer of personal data set out in Article 47(1)(e) of that Directive.
- (5) A transfer of audit working papers or other documents held by statutory auditors or audit firms and of inspection or investigation reports to the competent authority of a third country reflects the substantial public interest in carrying out independent public oversight. Accordingly, the competent authorities of Member States

⁽¹⁾ OJ L 157, 9.6.2006, p. 87.

⁽²⁾ Commission Implementing Decision 2013/280/EU of 11 June 2013 on the adequacy of the competent authorities of the United States of America pursuant to Directive 2006/43/EC of the European Parliament and of the Council (OJ L 161, 13.6.2013, p. 4).

should, in the framework of the working arrangements referred to in Article 47(2) of Directive 2006/43/EC, ensure that the competent authorities of the United States use any documents transferred to them in accordance with Article 47(1) of that Directive only to exercise their functions of public oversight, external quality assurance and investigations of auditors and audit firms.

- (6) The transfer of audit working papers or other documents held by statutory auditors or audit firms to the competent authority of a third country includes the granting of access to or transmission of such papers to such an authority by the statutory auditor or audit firm holding the paper upon prior agreement of the competent authority of the Member State concerned or by that authority itself.
- (7) When inspections or investigations are carried out, statutory auditors and audit firms are not allowed to grant access to or to transmit their audit working papers or other documents to the competent authorities of the United States under any other conditions than those set out in Article 47 of Directive 2006/43/EC and in this Decision.
- (8) Without prejudice to Article 47(4) of Directive 2006/43/EC, Member States should ensure that, for the purposes of public oversight, quality assurance and investigations of statutory auditors and audit firms, contacts between the statutory auditors or audit firms approved by them and the competent authorities of the United States take place via the competent authorities of the Member States concerned.
- (9) Member States should ensure that the working arrangements required by Directive 2006/43/EC to transfer audit working papers or other documents held by statutory auditors or audit firms and of inspection or investigation reports between their competent authorities and the competent authorities of the United States are agreed on the basis of reciprocity and include protection of any professional secrets and sensitive commercial information contained in such papers relating to the entities audited, including their industrial and intellectual property, or to the statutory auditors and audit firms that audited those entities.
- (10) Where a transfer of audit working papers or other documents held by statutory auditors or audit firms and of inspection or investigation reports to the competent authorities of the United States involves the disclosure of personal data, such a disclosure is lawful only if it also complies with the requirements for international data transfers laid down in Directive 95/46/EC of the European Parliament and of the Council ⁽¹⁾. Article 47(1)(e) of Directive 2006/43/EC therefore requires Member States to ensure that the transfer of personal data between their competent authorities and the competent authorities of the United States complies with Chapter IV of Directive 95/46/EC. Member States should ensure that there are appropriate safeguards for the protection of personal data transferred, in particular through binding agreements between their competent authorities and the competent authorities of the United States, and that the competent authorities of the United States will not further disclose personal data contained in the documents transferred without the prior agreement of the competent authorities of the Member States concerned.
- (11) Member States may decide to accept that in exceptional circumstances inspections by their competent authorities are carried out jointly with the competent authorities of the United States where this is necessary to ensure effective supervision. Member States may allow that cooperation with the competent authorities of the United States takes place under the form of joint inspections or through observers without inspection or investigation powers and without access to the confidential audit working papers, to other documents held by statutory auditors or audit firms, or to inspection or investigation reports. Such cooperation should always take place under the conditions set out in Article 47(2) of Directive 2006/43/EC and in this Decision, in particular as regards the need to respect sovereignty, confidentiality and reciprocity. Member States should ensure that any joint inspections carried out in the Union by their competent authorities and the competent authorities of the United States under Article 47 of Directive 2006/43/EC are, as a general rule, under the leadership of the competent authority of the Member State concerned.
- (12) The Securities and Exchange Commission of the United States of America has competence in investigating auditors and audit firms; this Decision should only cover the competences of the Securities and Exchange Commission of the United States of America to investigate auditors and audit firms. The Securities and Exchange

⁽¹⁾ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (OJ L 281, 23.11.1995, p. 31).

Commission of the United States of America implements adequate safeguards prohibiting and sanctioning disclosure by its current and former employees of confidential information to any third person or authority. Under the laws and regulations of the United States, the Securities and Exchange Commission may transfer to the competent authorities of the Member States documents equivalent to those referred to in Article 47(1) of Directive 2006/43/EC which relate to investigations it may perform on such auditors and audit firms. On that basis, the Securities and Exchange Commission of the United States of America meets requirements which should be declared adequate for the purposes of Article 47(1)(c) of Directive 2006/43/EC.

- (13) The Public Company Accounting Oversight Board of the United States of America has competence in the public oversight, external quality assurance and investigation of auditors and audit firms. It implements adequate safeguards prohibiting and sanctioning disclosure by its current and former employees of confidential information to any third person or authority. Under the laws and regulations of the United States, the Public Company Accounting Oversight Board may transfer to the competent authorities of the Member States documents equivalent to those referred to in Article 47(1) of Directive 2006/43/EC. On that basis, the Public Company Accounting Oversight Board of the United States of America meets requirements which should be declared adequate for the purposes of Article 47(1)(c) of Directive 2006/43/EC.
- (14) This Decision does not affect the cooperation arrangements referred to in Article 25(4) of Directive 2004/109/EC of the European Parliament and of the Council ⁽¹⁾.
- (15) Any conclusion on the adequacy of the requirements met by the competent authorities of a third country pursuant to the first subparagraph of Article 47(3) of Directive 2006/43/EC does not pre-empt any decision that the Commission may adopt on the equivalence of the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities of that third country pursuant to Article 46(2) of that Directive.
- (16) This Decision aims to facilitate effective cooperation between the competent authorities of the Member States and those of the United States. Its purpose is to allow those authorities to exercise their functions of public oversight, external quality assurance and investigations and, at the same time, to protect the rights of the parties concerned. Member States are under the obligation to communicate to the Commission the reciprocal working arrangements concluded with the competent authorities of the United States to allow the Commission to assess whether cooperation is in accordance with Article 47 of Directive 2006/43/EC.
- (17) The ultimate objective of cooperation on audit oversight between Member States' competent authorities and the competent authorities of the United States is to reach mutual reliance on each other's oversight systems. In that way, transfers of audit working papers or other documents held by statutory auditors or audit firms and of inspection or investigation reports should become the exception. Mutual reliance would be based on the equivalence of auditor oversight systems of the Union and of the United States.
- (18) The competent authorities of the United States intend to further evaluate the auditor oversight systems in the Member States before deciding to fully rely on the oversight performed by their competent authorities. Therefore, the mechanism of cooperation between the competent authorities of the Member States and the competent authorities of the United States should be reviewed to assess the progress made towards reaching mutual reliance on each other's oversight systems. For that reason, this Decision should be applicable for a limited period of time.
- (19) Notwithstanding the time limitation, the Commission will monitor developments in the supervisory and regulatory cooperation on a regular basis. This Decision will be reviewed as appropriate in light of the supervisory and regulatory changes in the Union and in the United States, taking into account available sources of relevant information. That review may lead to the withdrawal of the declaration of adequacy.
- (20) The European Data Protection Supervisor delivered an opinion on 27 May 2016.
- (21) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 48(1) of Directive 2006/43/EC,

⁽¹⁾ Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

HAS ADOPTED THIS DECISION:

Article 1

The Public Company Accounting Oversight Board of the United States of America and the Securities and Exchange Commission of the United States of America meet requirements which shall be considered adequate within the meaning of Article 47(1)(c) of Directive 2006/43/EC for the purpose of transfers of audit working papers or other documents and of inspection and investigation reports under Article 47(1) of Directive 2006/43/EC.

Article 2

1. Member States shall ensure that where audit working papers or other documents held by statutory auditors or audit firms are exclusively held by a statutory auditor or audit firm registered in a Member State other than the Member State where the group auditor is registered and whose competent authority has received a request from any of the authorities referred to in Article 1, such papers or documents shall be transferred to the requesting competent authority only if the competent authority of the first Member State has given its express agreement to the transfer.

2. Member States shall ensure that any joint inspections carried out in the Union by their competent authorities and the competent authorities of the United States fulfil the conditions laid down in Article 47 of Directive 2006/43/EC and that they are, as a general rule, under the leadership of the competent authority of the Member State concerned.

3. Member States shall ensure that any bilateral working arrangements between their competent authorities and the competent authorities of the United States comply with the conditions for cooperation set out in this Article.

Article 3

This Decision shall apply from 1 August 2016 to 31 July 2022.

Article 4

This Decision is addressed to the Member States.

Done at Brussels, 14 July 2016.

For the Commission
Jonathan HILL
Member of the Commission

