

Usage of Payment Entitlements

Rules regarding usage of payment entitlements (usage)

- All payment entitlements allocated under Basic Income Support for Sustainability (BISS) and National Reserve are subject to usage. Usage can be summarised as follows:

If a farmer holds entitlements that have not been used for a period of two consecutive years, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve. The farmer shall always be given the benefit of the highest value entitlements, the Department must always revert the lowest value entitlements first.

If a farmer has unused entitlements for two years in a row the lowest value entitlements held by that farmer revert to the National Reserve in the second year of non-use. It doesn't matter if they are leased, owned or were transferred in, usage is assessed at farmer level.

What does this mean?

- Farmers must activate 100% of entitlements in at least one of every two years.
- Usage is assessed at the level of the individual farmer. When establishing which entitlements revert to the National Reserve the farmer shall always be given the benefit of the highest value entitlements. Farmers cannot choose which entitlements revert to the National Reserve. In all cases the lowest value entitlements revert to the National Reserve, regardless of whether they are owned or leased in.

In cases where entitlements are leased, the Lessor's entitlements will be subject to the Lessee's usage position, as usage is assessed at the level of the individual farmer.

Lessors need to think about usage carefully before agreeing to lease out entitlements to ensure that their entitlements are not at risk due to the usage position of the lessee.

It is up to the Transferor/Lessor to ensure that the Transferee/Lessee has enough eligible land to use all the transferred entitlements.

- If owned and leased entitlements have the same value, owned entitlements revert to the National Reserve first. This is only the case if owned and leased entitlements have exactly the same unit value.
- In cases where a fraction of an entitlement has a higher value than the value of a whole number payment entitlement, the farmer shall always be given the benefit of retaining the highest value entitlement.

- Once a fraction of an entitlement is used, that entire entitlement shall be deemed to be fully used for the purposes of usage. In such cases payment is calculated pro-rata to the number of Eligible Hectares.

Example:

No. of Eligible Ha	Number of Entitlements	Usage	Payment Calculation	
9.1	10 @ €100	All 10 entitlements are deemed fully used	(No. of Used Entitlements)x(Entitlement Value)=payment	(9.1)x(€100) = €910

Further examples regarding the rules of usage:

The following examples are for illustrative purposes only and as such the entitlements shown are not subject to convergence.

1. 100% Used Entitlements - No Loss

	Entitlements	Ha	Used	Unused
2023	10 @ €100	10	10	0
2024	10 @ €100	10	10	0
2025	10 @ €100	10	10	0
The Farmer has used all of his/her entitlements in every year. Farmer has 100% usage. There is no loss of entitlements.				

2. Unused for 1 Year - No Loss

	Entitlements	Ha	Used	Unused
2023	10 @ €100	10	10	0
2024	10 @ €100	9	9	1
<p>One entitlement unused by the farmer in 2024.</p> <p>If a farmer holds entitlements that have not been used for a period of two years in a row, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve.</p> <p>In this case the farmer must use all his/her entitlements in 2025. Failure to do so would result in entitlements reverting to the National Reserve.</p> <p>If the farmer cannot find additional land to use the entitlements, he/she could transfer out entitlements permanently/temporarily to another farmer who has land to use them. If the farmer is happy to do so, s/he can decide not to take any action and just let the entitlements revert to the National Reserve.</p>				

3. Unused for 2 Years - Unused Entitlements Revert

	Entitlements	Ha	Used	Unused
2023	10 @ €100	9	9	1
2024	10 @ €100	9	9	1

1 entitlement unused by the farmer in two consecutive years 2023 and 2024.

If a farmer holds entitlements that have not been used for a period of two consecutive years, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve.

In accordance with EU Regulations 1 entitlement will revert to the National Reserve in 2024.

When establishing which entitlements revert to the National Reserve, the Department must always revert the lowest value entitlements first.

1 @ €100 reverts to the National Reserve

4. Unused for 2 Years – Higher Value Entitlements Leased in

(Example showing non-usage in two consecutive years – one higher value set of entitlements with land leased in by the farmer in 2025 (10 @ €150 leased in entitlements shown in blue))

	Entitlements	Ha	Used	Unused
2023	20 @ €100	20	20	0
2024	20 @ €100	15	15	5
2025	20 @ €100 10 @ 150	25	25	5

5 entitlements unused by the farmer in two consecutive years 2024 and 2025.

If a farmer holds entitlements that have not been used for a period of two consecutive years, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve.

In accordance with EU Regulations 5 entitlements will revert to the National Reserve in 2025.

When establishing which entitlements revert to the National Reserve, the Department must always revert the lowest value entitlements first.

The entitlements with the lowest value revert to the National Reserve regardless of whether the entitlements are leased, owned or were received by way of a transfer.

In this example the entitlements with the lowest value are owned by the farmer.

5 @ €100 will revert to the National Reserve in 2025.

5. Unused for 2 Years – Lower Value Entitlements Leased in

(Example showing non-usage in two consecutive years – one lower value set of entitlements with land leased in by farmer in 2025 (10 @ €90 leased in entitlements shown in blue)).

	Entitlements	Ha	Used	Unused
2023	20 @ €100	20	20	0
2024	20 @ €100	15	15	5
2025	20 @ €100 10 @ €90	25	25	5

5 entitlements unused by the farmer in two consecutive years 2024 and 2025.

If a farmer holds entitlements that have not been used for a period of two consecutive years, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve.

In accordance with EU Regulations, 5 entitlements will revert to the National Reserve in 2025.

When establishing which entitlements revert to the National Reserve, the Department must always revert the lowest value entitlements first.

The entitlements with the lowest value revert to the National Reserve regardless of whether the entitlements are leased, owned or were received by way of a transfer. Nor does it take account of the usage position of the transferor.

In this example those entitlements with the lowest value have been leased in.

Even though the lessor had 100% usage in 2023 and 2024, 5 @ €90 (owned by the lessor) will revert to the National Reserve in 2025.

6. Leased Entitlements (showing lessor and lessee) – Leased Entitlements with Higher Value

	Farmer A (Lessor)			Farmer B (Lessee)		
	Entitlements	Ha	Unused	Entitlements	Ha	Unused
2023	15 @ €200	15	0	20 @ €100	20	0
2024	15 @ €200	15	0	20 @ €100	18	2
2025	5 @ €200	5	0	20 @ €100 10 @ 200	28	2

In 2025 the Lessor (Farmer A) completes a Transfer of 10 @ €200 entitlements by way of lease (duration 1 year) to Lessee (Farmer B).

The Lessor (Farmer A) has 100% usage in 2024 – if no transfer of entitlements took place in 2025 it would be impossible for the lessor (Farmer A) to lose entitlements through usage in 2025 as s/he has 100% usage in 2024.

In 2025, however, Farmer A's leased out entitlements will be subject to Farmer B's usage position as usage is assessed at the level of the individual farmer.

Two entitlements are unused by the Lessee (Farmer B) in two consecutive years 2024 and 2025.

In accordance with EU Regulations, two entitlements will revert to the National Reserve in 2025. When establishing which entitlements revert to the National Reserve, the Department must always revert the lowest value entitlements first.

In this example those entitlements with the lowest value are owned by the lessee (Farmer B). It is important to note that usage does not take into account whether entitlements are leased, owned or were transferred in.

In all cases when determining the entitlements which will revert to the National Reserve, the Department must always revert the lowest value entitlements first. Therefore 2 @ €100 (owned by the Lessee – Farmer B) will revert to the National Reserve.

Usage is assessed at individual farmer level. All farmers need to be aware of the implications of usage particularly when leasing entitlements. Lessors need to assess the rules of usage carefully before agreeing to lease entitlements to ensure that their entitlements are not at risk due to the usage position of the lessee.

In this example the lessor's entitlements are not at risk because they are of higher value than other entitlements held by the lessee.

7. Leased Entitlements (showing lessor and lessee) – Leased Entitlements with Lower Value.

	Farmer A (Lessor)			Farmer B (Lessee)		
	Entitlements	Ha	Unused	Entitlements	Ha	Unused
2023	15 @ €100	15	0	20 @ €200	20	0
2024	15 @ €100	15	0	20 @ €200	18	2
2025	5 @ €100	5	0	20 @ €200 10 @ 100	28	2

In 2025 the Lessor (Farmer A) completes a Transfer of 10 @ €100 Entitlements by way of Lease (duration 1 year) to Lessee (Farmer B)..

The Lessor (Farmer A) has 100% usage in 2024 – if no transfer of entitlements took place in 2025 it would be impossible for the lessor (Farmer A) to lose entitlements through usage in 2025 as s/he has 100% usage in 2024.

In 2025, however, Farmer A's leased out entitlements will be subject to Farmer B's usage position as usage is assessed at the level of the individual farmer.

Two entitlements are unused by the Lessee (Farmer B) in two consecutive years 2024 and 2025.

In accordance with EU Regulations, two entitlements will revert to the National Reserve in 2025.

When establishing which entitlements revert to the National Reserve, the Department must always revert the lowest value entitlements first.

In this example those entitlements with the lowest value have been **leased in**. It is important to note that usage does not take into account whether entitlements are leased, owned or were transferred in.

Therefore 2 @ €100 (owned by the Lessor - Farmer A) will revert to the National Reserve.

Usage is assessed at individual farmer level. All farmers need to be aware of the implications of usage particularly when leasing entitlements. Lessors need to assess the rules of usage carefully before agreeing to lease entitlements to ensure that their own entitlements are not at risk due to the usage position of the lessee.

In this example the lessor's entitlements have been lost because they are of lower value than other entitlements held by the lessee.

8. Example showing impact of usage in cases which include a permanent transfer

(One lower value set of entitlements with land bought by farmer in 2025 (10 @ €90 entitlements which were bought in 2025 shown in green)).

	Entitlements	Ha	Used	Unused
2023	50 @ €100	50	50	0
2024	50 @ €100	45	45	5
2025	50 @ €100 10 @ €90	55	55	5
2026	50 @ €100 5 @ €90	55	55	0

5 entitlements unused by the farmer in two consecutive years 2024 and 2025.

If a farmer holds entitlements that have not been used for a period of two consecutive years, a number of entitlements equivalent to the total number of entitlements which have not been used shall revert to the National Reserve.

In accordance with EU Regulations 5 entitlements will revert to the National Reserve in 2025.

In this example the entitlements with the lowest value were bought in 2005 (the Transferor had 100% usage in 2023 and 2024).

It is important to note that usage does not take into account whether entitlements are leased, owned or transferred in.

When determining which entitlements will revert to the National Reserve, the Department must always revert the entitlements with the lowest value in the year of reversion.

Therefore 5 @ €90 will revert to the National Reserve.