

Reductions and penalties

Date published: 18 December, 2019

For recent changes to this guidance, please see the [bottom of the page](#).

Table of Contents

[Reductions and administrative penalties](#)

[Over declaration penalties](#)

[Previous versions](#)

[Download guidance](#)

Reductions and administrative penalties

Failure to declare your land

Each year, you must declare all the permanent and seasonal land that you own or lease on 15 May of the year you submit your Single Application Form.

If we find a difference between the total area you declare on your Single Application Form and the total land that you should have declared, we will reduce any payments due to you as follows:

Difference between land that is declared and what we find	Penalty applied
Up to 3%	No penalty
More than 3% and up to 20%	1% reduction
More than 20% and up to 50%	2% reduction
More than 50%	3% reduction

If you have any doubt about what areas you should declare, you should contact your local area office or seek professional advice.

Discrepancies in area claimed

We cannot issue payments on an area greater than the area you claim on your Single Application Form. If we find an area greater than the area you claim on your form, we will only pay on the area you claim.

Basic Payment Scheme

If we find a difference between the number of Basic Payment Scheme payment entitlements you hold and the number of eligible hectares you claimed on your Single Application Form, we will calculate your Basic Payment on the lower number.

If the eligible area we find for the Basic Payment Scheme is less than the area you claimed on your form, we will calculate your payment on the eligible area we found or the number of Basic Payment Scheme payment entitlements you hold, whichever is the lesser.

For 2015, the first year of the Basic Payment Scheme, the difference is calculated between the area you claimed on your form and the eligible area found.

Entitlements will not be taken into account in the first year as they will be allocated based on the lesser of the claimed or eligible area.

Over declaration penalties

These rules apply to BPS from 2016 onwards, details of penalties for BPS 2015 can be viewed in the [Archive section](#).

Claimed Area

From scheme year 2016, whether penalties are appropriate depends on a comparison between

- the number of hectares of eligible land claimed
- the number of eligible hectares found
- the number of entitlements held

We will not penalise your payment for an over declaration (i.e overclaim) of eligible areas if the total eligible area we find is equal to or greater than the number of payment entitlements you hold.

If there is a difference between the number of payment entitlements claimed and the area claimed, the area claimed shall be adjusted to the lowest value.

Entitlements Value

If we penalise your payment because there is a difference between the number of hectares of eligible land you claimed and the number of eligible hectares we find, and you hold entitlements of different values, we must pay you on the average value.

To calculate this average, firstly, we take the number of hectares you have claimed under the BPS on your Single Application Form.

We then take this number and match it to your entitlements, applying the basic scheme usage rules, using the highest value first down to the lowest value.

Secondly, we add all these entitlements together and their values, and calculate the average value of your declared entitlements. We then take this average and multiply it by the area found, after any penalty reductions, to give you your gross payment.

Penalty Calculation

If the difference is less than 3 per cent of the area determined or two hectares, the payment is calculated on the basis of the area determined and no penalty is applied.

If the difference is more than either 3 per cent of the area determined or two hectares, we will reduce the area eligible for payment by 1.5 times the difference we found

This penalty will be reduced by 50% if:

- It is the first time a penalty has been applied to a claim from scheme year 2016 onwards
- The difference between hectares claimed and hectares found does not exceed 10% of the found area.

In these circumstances we will reduce the area found by 0.75 (1.5 *50%) times the difference. This reduction is a one-off 'discount' for a first offence.

If, in the following year your claim is subject to a further over declaration penalty :

- This will be calculated at the full rate of 1.5 times the difference found; and
- The 50% reduction for the previous scheme year will be cancelled and recalculated at the full rate of 1.5 times the difference found.

Where there are multiple claimants on a land parcel, we will calculate penalties in proportion to the area of the land parcel you claimed.

Example Penalty Calculations:

Scenario 1:

- The difference is more than 3 per cent or two hectares
- It is the first time a penalty has been applied to a claim from scheme year 2016 onwards
- The difference between hectares claimed and hectares found does not exceed 10% of the found area.

Description	Total	Region 1	Region 2	Region 3
Intended Claim	102.00	20.50	31.00	50.50

PE Held	100.00	20.00	30.00	50.00
Area Determined	97.50	20.00	28.50	49.00
i. Claim Difference - Figure	2.50	N/A	N/A	N/A
ii. Claim Difference - Percentage	2.56%	N/A	N/A	N/A
iii. Region Percentage	100.00%	20.51%	29.23%	50.26%
iv. Area After Penalty	95.62	19.61	27.95	48.06

Claim Difference Figure: Intended Claim (limited to Payment Entitlements Held) – Area Determined

$$100.00 - 97.50 = 2.50$$

ii. Claim Difference Percentage: Claim Difference – Figure/Area Determined *100

$$2.50 / 97.50 * 100 = 2.56\%$$

iii. Region Percentage: Region Area Determined/Total Area Determined * 100

$$\text{Region 1: } 20.00 / 97.50 * 100 = 20.51\%$$

$$\text{Region 2: } 28.50 / 97.50 * 100 = 29.23\%$$

$$\text{Region 3: } 49.00 / 97.50 * 100 = 50.26\%$$

iv. Area After Penalty:

$$\text{Claim Difference Figure} * 1.5: 2.50 * 1.5 = 3.75$$

$$\text{Calculated Penalty} * \text{Penalty Reduction: } 3.75 * 0.5 = 1.88$$

$$\text{Area Determined} - \text{Applied Penalty Area: } 97.5 - 1.88 = 95.62$$

Apportion Area After Penalty across the payment regions:

Area After Penalty * Region Percentage:

$$\text{Region 1: } 95.62 * 20.51\% = 19.61$$

$$\text{Region 2: } 95.62 * 29.23\% = 27.95$$

$$\text{Region 3: } 95.62 * 50.26\% = 48.06$$

Scenario 2

- The difference is more than 3 per cent or two hectares
- The difference between hectares claimed and hectares found **exceeds** 10% of the found area and/ or a penalty has been applied to a previous claim from scheme year 2016 onwards

Description	Total	Region 1	Region 2	Region 3
Intended Claim	102.00	20.50	31.00	50.50
PE Held	100.00	20.00	30.00	50.00
Area Determined	97.50	20.00	28.50	49.00
i. Claim Difference - Figure	2.50	N/A	N/A	N/A
ii. Claim Difference - Percentage	2.56%	N/A	N/A	N/A
iii. Region Percentage	100.00%	20.51%	29.23%	50.26%
iv. Area After Penalty	93.75	19.23	27.40	47.12

Claim Difference Figure: Intended Claim (limited to Payment Entitlements Held) – Area Determined

$$100.00 - 97.50 = 2.50$$

ii. Claim Difference Percentage: Claim Difference – Figure/Area Determined *100

$$2.50 / 97.50 * 100 = 2.56\%$$

iii. Region Percentage: Region Area Determined/Total Area Determined * 100

$$\text{Region 1: } 20.00 / 97.50 * 100 = 20.51\%$$

$$\text{Region 2: } 28.50 / 97.50 * 100 = 29.23\%$$

$$\text{Region 3: } 49.00 / 97.50 * 100 = 50.26\%$$

iv. Area After Penalty:

$$\text{Claim Difference Figure} * 1.5: 2.50 * 1.5 = 3.75$$

$$\text{Area Determined} - \text{Applied Penalty Area: } 97.5 - 3.75 = 93.75$$

Apportion Area After Penalty across the payment regions:

Area After Penalty * Region Percentage:

$$\text{Region 1: } 93.75 * 20.51\% = 19.23$$

$$\text{Region 2: } 93.75 * 29.23\% = 27.40$$

$$\text{Region 3: } 93.75 * 50.26\% = 47.12$$

[Previous versions](#)

[Previous versions of this page](#)

[Download guidance](#)

Click 'Download this page' to create a printable version of this guidance you can save or print out.