

Transfer of entitlements

This is an old version of the page

This is an old version of the page

Date published: 10 November, 2015

Date superseded: 1 April, 2016

Table of Contents

[About this guidance](#)

[Part 1 - Are you eligible to transfer your entitlements?](#)

[Part 2 - The types of transfer](#)

[Part 3 - When can I transfer my entitlements?](#)

[Part 4 - The application process](#)

[Part 5 - Who will receive the payments?](#)

[Part 6 - Legal base](#)

[Appendix A - Example of a sale or lease agreement](#)

[Download guidance](#)

About this guidance

This guidance provides further information about the transfer of Basic Payment Scheme (BPS) payment entitlements through sale, lease or inheritance.

You must read this guidance carefully before you complete [PF23 – Application to transfer entitlements form](#).

RPID also has a specialist unit to help with queries about the transfer notification process. If you need further more information after reading this guidance, please contact:

Entitlement Transfer Unit (ETU)

10 Keith Street

Stornoway

HS1 2QG

Telephone: 01851 702392

Fax: 01851 705793

Email: EntitlementTransferUnit@gov.scot

Please note, this guidance does **not** cover the transfer of entitlements for:

- business splits
- business mergers
- whole holding transfers

There is specific guidance and requirements to be considered before these types of transfer can be authorised. [Contact your local RPID area office](#) for this information.

Part 1 - Are you eligible to transfer your entitlements?

1.1 If you own BPS entitlements you may be eligible to transfer them. This includes entitlements allocated to you in 2015, and those you have since been allocated, have purchased or have inherited.

1.2 You can transfer your entitlements with or without land, subject to the conditions laid down in Part 2. You can sell your

entitlements, or lease them for a specific period, after which at the end of the lease we will return them to you.

1.3 The person or business that will take over your entitlements must meet the definition of a 'farmer' as determined by the European Regulations **at the time of transfer**. That is a natural or legal person (or a group of natural or legal persons) whose holding (production units) is situated within Scotland, and who exercises an agricultural activity.

An agricultural activity means:

- the production, rearing or growing of agricultural products, including harvesting milking, breeding animals, and keeping animals for farming purposes
- maintaining an agricultural area in a state which makes it suitable for grazing or cultivation

Or

- carrying out a minimum activity on agricultural areas naturally kept in a state suitable for grazing or cultivation. In Scotland, this is all land assigned to Payment Regions 2 and/or 3

[Refer to the full BPS guidance for more information on agricultural activity.](#)

Please note: If the buyer or lessee does not meet this definition the request to transfer will be rejected.

1.4 A key part of the 'farmer' definition is the requirement to have an agricultural holding (production units). The minimum size

of a holding is 0.3 hectares. However, to receive payment under BPS, an applicant must declare a minimum of three hectares of eligible land. Please note that we may ask for evidence to prove that the transferee is indeed a 'farmer' at the time of transfer.

1.5 Payment entitlements may only be transferred within the same BPS payment region, except in case of inheritance. This means that if you are transferring payment entitlements without land, you can only transfer them to a business who holds land in the payment region to which the entitlements are assigned. Payment entitlements can only be activated for payment by land assigned to the same payment region as them. For example, you cannot activate Payment Region 1 entitlements using BPS eligible land assigned to Payment Region 2.

1.6 We calculate payment entitlements to two decimal places. This means you can transfer fractions of entitlements that are no smaller than 0.01

Part 2 - The types of transfer

2.1 You can transfer your entitlements through sale, lease, as a gift to another farmer, or through inheritance. This can be with or without land.

2.2 Inheritance. To apply under inheritance the executor should complete [form PF23](#). Supporting documents must be provided with the application (for example, copy of a will or any relevant legal documentation).

2.3 Lease. You can lease entitlements without land, but if you lease with land, the start and end dates of the lease must be the same for the entitlements and land.

2.2 If you transfer entitlements without land, we must apply a siphon and will reduce the value of the entitlements transferred by 50 per cent at the point of transfer. Please note that although the value deducted will be lost to the transferee, it will go to the National Reserve and help provide additional funds for other farmers.

When finalising your sales agreement, please bear this in mind as we cannot get involved in any disputes between parties because of this reduction.

Please also note that at the end of a seasonal let or tenancy agreement, if the tenant owns the payment entitlements and transfers them to the landlord, the transfer will be considered a transfer without land and the entitlements will be subject to siphon.

2.3 If you transfer entitlements with land you must do so with an equivalent number of eligible hectares and the land you transfer must be eligible to support a claim under the BPS.

Part 3 - When can I transfer my entitlements?

3.1 You can transfer your entitlements at any time but you must tell us about all transfers within the 'notification period'. **This begins on 16 May of the calendar year preceding the first year the transferee could include the entitlements in a claim for BPS, and it ends on 2 April in the first calendar year the transferee could include the entitlements in such a claim.**

3.2 Please help us process your application by giving us as much advance notice as you can. To allow us time to carry out administrative checks against your application, such as a validation check against our field register, please send form PF23 to the ETU at least six weeks before the effective date of transfer. Please be aware that we may not be able to finalise our checks within six weeks if you are transferring entitlements that could potentially be subject to confiscation because of non-usage. If your application falls under this category we will write to let you know.

3.3 If you wish the transferee to be able to claim and receive payment on the entitlements subject to the transfer **we must receive form PF23 on or before 2 April of the scheme year concerned.**

Part 4 - The application process

4.1 Please complete the transfer application form (PF23) and send it to the ETU in Stornoway at least six weeks before the effective date of transfer. For example, for an effective date of transfer of 14 May, we would have to receive the application on 1 April or earlier, and for a date of transfer of 15 May we would have to receive the application on 2 April or earlier.

4.2 You must provide confirmation of the number of entitlements being transferred and whether the transfer is with or without land together with the following information for each of the categories below:

- sale or other (for example, a gift). A written agreement clearly showing the details of the land and/or entitlements being transferred. If the transfer is with land, confirmation of the date of entry is required and the land must transfer on the same day as the entitlements. This agreement must be signed by both parties. An example of an agreement for a transfer without land is available at Appendix A
- lease. A written agreement, signed by both parties, clearly showing the following:
 - land (LPIDs and areas of eligible BPS land (if leasing with land))
 - number of entitlements being leased (start and end date of the lease – if leasing with land this must be the same date for both entitlements and land (and it should match the application details))
- inheritance (confirmation of your executor status, together with a copy of the will)

4.3 You can make multiple transfers (for example, some entitlements with land and some entitlements without land) using the same form, as long you are transferring these to the same business. Otherwise you must use a separate form for each transfer.

Part 5 - Who will receive the payments?

5.1 We will pay on entitlements held as at 15 May. So, the effective date of transfer will determine who gets paid in any given year. For example, if you wish the transferee to receive payment, you must inform us on or before 2 April.

If it takes place after 2 April, any payment that is due will go to you if have submitted a valid Single Application Form (SAF). The date of 2 April is six weeks prior to the closing date for the SAF on 15 May. This date may change if 15 May falls on a weekend or on a public holiday.

5.2 Please note if for any reason we have to reject your application, and you have submitted it near to 2 April (as explained above), you will not be able to submit another application in time to allow the transferee to claim for the entitlements in that year.

In this scenario you will be the one responsible for the use of these entitlements in that year.

5.3 Both parties should also be aware that after finalising a transfer we discover that the seller/lessor should not have been awarded the entitlements, we must take back the appropriate entitlements and ask both parties to repay, with interest, any monies not due to them.

Part 6 - Legal base

6.1 The trading of entitlements is permitted under Article 34 of Regulation (EU) No 1307/2013, Article 25 of Commission Delegated Regulation (EU) No 639/2014 and Commission Implementing Regulation (EU) No 641/2014.

Appendix A - Example of a sale or lease agreement



[Transfer agreement \(PDF, Size: 55.0 kB\)](#)

doc_external_url: <https://www.ruralpayments.org/media/resources/Example-of-a-sale-or-other-means-of-agreement.pdf> Example of a sale or other means of agreement (only relevant for transfers without land)

Download guidance

Click 'Download this page' to create a printer-friendly version of this guidance that you can save or print out.