



2003 SUCKLER COW PREMIUM SCHEME: QUOTAS

Notification of Permanent Transfer or Lease of Quota

Explanatory Leaflet

Forms must be completed and returned to the Department BEFORE the date on which the Department receives a 2003 premium claim from the recipient of the quota.

IMPORTANT

Please read this leaflet carefully before completing either a notification of transfer or lease of quota form. You should only use these forms if, as the transferrer, lessor or recipient of the quota you wish the permanent transfer or lease to take effect in the 2003 Scheme year. The relevant forms are SCP-TRANSFER-2003 AND SCP-LEASE-2003.

It is your responsibility to obtain the relevant form, complete it correctly and ensure that it is received by the Department no later than the date on which the Department receives a 2003 premium claim from the recipient of the quota. In this context 'the Department' means Quota Management Section at the address on page 4 or any of the Department's local area offices. Transfer and Lease forms will not be accepted after this date. In any case, transfer and lease forms will not be accepted after the closing date of the claim period of the 2003 Suckler Cow Premium Scheme (6 December 2003).

Proof that you posted your notification is not sufficient. You must be able to show that it has been *received*.

You are therefore advised to obtain acknowledgement of receipt of the transfer or lease notification form from the Department by completing an acknowledgement card, affixing a stamp and returning it with your form. Cards which do not have a stamp or are not completed, (whether or *not* they have a stamp) will not be returned.

If you have not received your acknowledgement within 7 working days of despatch, please contact the Department.

If you deliver the form personally to the Department, you should obtain an acknowledgement of receipt at the time of delivery. Quota Management Section's address is printed on page 4.

• Introduction

1. **The deadline for returning completed 2003 Transfer or Lease notification forms will be the date on which the Department receives a 2003 claim for Suckler Cow Premium from the recipient of the quota or 6 December 2003 WHICHEVER IS THE EARLIER.** Therefore, producers who wish to transfer or lease in quota must ensure that the transfer or lease notification is received by the Department **NO LATER** than the date the Department receives the SCPS claim from the recipient of the quota.
2. **This deadline is always rigidly applied and transfer and lease notifications which are received even one day after the intended quota recipient's SCPS claim is received will be rejected.** Where the vendor or a quota agent has accepted the responsibility for submitting the transfer or lease notification, they should liaise with the quota recipient to ensure this rule is met. All forms received after 6 December 2003 will also be rejected. Therefore quota recipients who submit their SCPS claims in the late claim period where claims will be subject to a penalty reduction (7 December to 31 December 2003), must ensure that their transfer or lease notification is received by the Department on or before 6 December 2003. To prevent payment delays it is recommended that transfer and lease notifications are submitted as early as possible in the trading period.
3. If you doubt whether your posted notification form will arrive at the Department by the deadline you are advised to deliver it by hand. If you are unable to do this, the Department can take the date it receives a faxed copy of your completed form as the date of receipt, provided the original form (identical in every respect to the faxed version) is posted to the Department immediately. When posting the original form you should indicate clearly that it is a hard copy of one previously faxed to the Department. It is recommended, however, that the faxing facility should only be used in exceptional circumstances where it is not possible for you to post the form or deliver it to the Department in time for it to arrive by the deadline.
4. Suckler Cow premium quota may be transferred or leased between producers and no transfer or lease will be effective until after it has been notified to and registered by the Department. Notifications to take effect in the 2003 Scheme year should be made on the relevant form.
5. Please note that if a transfer or lease of quota is accepted by the Department, payment of premium on any application which you subsequently make under the 2003 Scheme year will be limited to the number of quota

rights you have retained following the registration of this and any other transfers or leases of quota which you notify to the Department.

Eligibility to transfer or lease out quota

6. You **cannot transfer or lease out quota** if either:

- you have received **national reserve** quota effective from the 2001, 2002 or 2003 Scheme years;

or

- you received a **supplementary allocation** of quota effective from the 2001 or 2002 Scheme years (see note below);

or

- you intend to request or have received a **supplementary allocation** of quota to take effect from the 2003 Scheme year (see note below).

Note: Producers who were participating in the pilot Beef Extensification Scheme or an Environmentally Sensitive Areas Scheme in 1992 may be entitled to a **supplementary allocation** of quota when participation in those Schemes ends.

7. You may transfer or lease out quota if you applied to the 2001, 2002 or 2003 national reserves and have been informed that you **will receive no quota**.

• Who should complete the form?

8. For the purposes of the Suckler Cow Premium Scheme a producer is defined as the business entered on the IACS declaration. The business name on your IACS declaration, your SCP claim and the SCP quota register must all match. If you appoint an agent to act for the business, the business name should still be given as the producer although the agent may sign the form on your behalf. Section A of the form should be completed by the producer disposing of the quota and Section B should be completed by the producer receiving the quota.

• Death of Quota Holder

9. Where a producer in possession of quota dies and the quota passes to a beneficiary/beneficiaries, formal registration of the transfer to the beneficiary/beneficiaries **MUST** be lodged with the Department no later than the date on which the Department receives a 2003 claim for Suckler Cow Premium from the recipient of the quota or 6 December 2003, whichever is the earlier in order for it to be effective in the 2003 Scheme year. (see also paragraph 6)

Usage rule

10. For the 2003 Scheme year the rule is you must use at least 90% of your quota units either by claiming suckler cow premium and/or leasing out quota. If you fail to meet this requirement and unless you can demonstrate that you or your business were subject to exceptional circumstances which prevented you using your quota rights, the part you did not use during that year will be withdrawn from you without compensation.

11. A claim that a producer was unable to lease out quota because there was no demand for it on the market is not acceptable. When choosing to "use" quota by leasing it out, producers take a risk that a demand for that quota will exist. The Department cannot be held responsible for fluctuations in supply and demand. It is safer therefore, to use the quota than to rely on an exceptional circumstance.

12. Recipients of quota should note that (a) if you receive a transfer of quota such that it is more than you require to cover a claim in 2003 for suckler cow premium, it will nevertheless normally be subject to the usage rule and (b) that if you acquire quota by lease it will not be taken into account for the purpose of the usage rule.

13. Producers with 7 or less quota rights must use at least 90% of their quota units every other year. Failure to meet the requirement will result in the number they do not use in the second year being withdrawn without compensation.

• What if I wish to transfer or lease out quota to more than one producer?

14. You must fill in a **separate** notification form for each transfer or lease. You must also indicate on the form the number of separate notifications you propose to make.

• The "siphon"

15. Where quota is transferred without the holding, for each separate transfer notified to the Department, 15% of the quota to be transferred will be "siphoned off" from the producer transferring out the quota (without payment) into the national reserve.

• When I lease quota will a percentage be "siphoned off" to the national reserve?

16. No. The "siphon" applies only to permanent transfers of quota.

• Exemption from the siphon

17. The siphon will apply in all cases **except** where the following conditions are satisfied:

- (i) you transfer **all** your quota at the same time as **all** your holding;
- and**

-
- (ii) your quota is transferred **exclusively** to the recipient or recipients of your holding.
and
- (iii) the recipient or recipients of your holding **all** receive quota.
18. In addition, the siphon does **not** apply if you farm common land **only**, decide to stop grazing your suckler cows on that land, and transfer **all** your quota to one or more producers.
19. If you are claiming exemption from the siphon, you **must** provide documentary evidence that you are transferring **all** your quota with all your holding, for example a copy of a solicitor's letter confirming the transaction. The evidence must show that the transfer of the holding is taking place at the same time as the transfer of the quota (or within the period defined in paragraph 21). If you are transferring all your holding to more than one recipient, the evidence should be sufficient to satisfy the Department that all conditions outlined in paragraphs 17 or 18 are met.
20. When entering the number of quota units to be transferred at Question 6 of the form you should **make no allowance** for the deduction of any quota that might be siphoned off. Any adjustment will be made by the Department.
- **Transfer of holding**
21. For transfers of quota which are to take effect in the 2003 Scheme year, the Department will regard the transfer of quota as taking place at the same time as the transfer of the holding if it is satisfied that **one** of the following conditions apply:
- (i) the transfer of the holding took place between 6 December 2002 or the date on which the recipient submitted a 2002 Suckler Cow Premium Scheme claim if this was earlier, and the date on which the Department receives a 2003 premium claim from the recipient of the quota;
- (ii) the transfer of the holding has not yet taken place but the recipient of the quota is under an obligation to take over the holding before the date on which the Department receives his or her 2003 premium claim (evidence will be required - see paragraph 19).
22. The transfer of your holding could include a transfer of ownership or a transfer of tenancy. The transfer of land via a short-term let will be regarded as a valid transfer for the purpose of the siphon rules as long as there is an exclusive right of occupation with rent and not an informal arrangement. Transfers which do not involve tenancies (i.e. do not give an exclusive right of occupation for the period in question - e.g. short-term grazing and mowing lets other than tenancies) will not be regarded as transfers of the holding.
23. If you transfer out your holding in lots over a period of time, you will be regarded as having transferred your holding only after the last lot has been transferred.
- **Limits on leasing**
24. **You should note that you cannot lease out quota which you have leased in from another source.**
25. Starting with the year in which your first lease becomes effective, you may not lease out quota for more than **three** successive years. When your period of leasing out has ended (i.e. after one, two or three years) there must be a **two year gap** before you lease out again.
26. For example, a producer who leases out quota in 2003 and then again in 2004 may decide not to lease out quota in 2005. If he does so, he may not lease out quota in 2006 either: **A one year gap between leases is not possible.**
27. At the end of the leasing period, except where the producer transfers out his/her rights, the producer who owns the quota must use the rights him/herself to claim premium for at least two consecutive years. The normal usage rules, detailed in paragraphs 10 to 13 will apply during those two years.
28. The lease notification will not be processed by the Department if it is clear that the requirement outlined above will be breached.
29. If you are leasing in quota, it is in your interest to obtain confirmation that the producer leasing out the quota will meet the requirement outlined in these paragraphs. If the requirement is not met, you will not be able to use the quota you have leased, and your premium payments will be affected.
- **Ring-fences**
30. Quota is designated as being within a particular ring-fence. Your quota will have been designated as:
- the LFA of the Scottish Highlands and Islands; or
 - the remainder of the Scottish LFA; or
 - the Great Britain non-LFA.
31. The ring-fence rules are as follows:
- you are assigned to one ring-fence only, depending on the location of the greatest proportion of your holding. The ring-fence designation of your holding for the 2003 Scheme year will be determined by the land you hold on 15 May 2003 (see paragraphs 32 to 35 for a definition of which land is included). Normally this will be on the basis of your IACS form;
 - you can be paid premium **only** if you have quota corresponding to the correct ring-fence for your location;
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Important

- If you move to a different ring-fence you will not be able to use your existing quota to receive premium in the new ring-fence;
- If you buy, sell, lease in or lease out land so that the greatest proportion of your holding is now in a different ring-fence, your ring-fence designation will be altered and you will NOT be able to use your existing quota to receive premium.

- **Definition of “holding” for the purposes of the ring-fence rules?**

32. Your “**holding**” means **all** the production units in the United Kingdom farmed by you or made available to you for farming (not just suckler cow production). **Please note that this includes any land held under short-term let and any common land which is credited to your forage area in proportion to your registered share of the common grazing.**
33. A holding is defined as being within a particular ring-fence if the greatest proportion of the agricultural area used for farming (**not just suckler cow production**) is within that ring-fence.
34. The recipient of the quota must ensure that the quota being transferred or leased in corresponds to the ring-fence in which he or she is located, if the premium is to be paid.

- **Production units in three or more ring-fences?**

35. If your holding contains three or more production units such that at least 50% of your holding is in the LFA, and classified SD or D but the largest production unit is in the non-LFA, the LFA designation will take precedence. For example, if 40% of your holding was located in the Great Britain non-LFA, 35% in the Scottish LFA and 25% in the English LFA, your holding would be designated as Scottish LFA.

- **Minimum numbers**

36. Minimum numbers do not apply to suckler cow quota transfer and lease transactions.

- **Partial quota units**

37. You may transfer or lease a partial unit of quota (i.e. a fraction of a whole number, calculated to one decimal place). Where any transaction results in partial quota units they will be added to other partial units to make up a whole unit. If any partial unit remains you may use this to claim premium. You will be paid the fraction of the premium corresponding to the fraction of the quota unit.

- **Confirmation of transaction**

38. When the Department has processed a notification form, it will inform both the producer transferring or leasing the quota out and the recipient. (The recipient’s quota will, in the case of transfers, be net of any deduction siphoned off to the national reserve.)

- **VAT**

39. HM Customs and Excise advise that VAT at the standard rate (currently 17.5%) will be applicable to the proceeds of a transfer or lease of quota.

40. **If you have any problems completing either form SCP-Transfer-2003 or SCP-Lease-2003.**

Contact:

Quota Management Section
Room 220, Pentland House,
47 Robb’s Loan,
Edinburgh EH14 1TY

You may use the telephone number given below to contact the person dealing with your notification:-
or Fax. 0131 244 6006

IF YOUR LOCAL AREA OFFICE IS	CURRENT QMS CONTACT	TELEPHONE
Ayr, Elgin, Inverurie, Lairg or Thurso	Mrs M. Fitheridge	0131 244 6626
Dumfries, Galashiels, Kirkwall or Lerwick	Mrs A. Wheelan	0131 244 6459
Benbecula, Hamilton,		
Inverness, Oban, Perth, Portree or Stornoway	Mrs F. Allan	0131 244 6560