DIRECT PAYMENT

Basic income support for sustainability (BISS)

This fiche presents the concept of the basic income support for sustainability in the post-2022 CAP reform and the implementation of this intervention by the Member States. It reflects the content of the CAP Plans approved by the Commission services (first version) by the end of 2022. It is made available without prejudice to any finding in respect of their compliance with the regulatory framework. It is provided on the understanding that in the event of a dispute involving Union law it is, under the Treaty on the Functioning of the European Union, ultimately for the European Court of Justice to provide a definitive interpretation of the applicable Union law.

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With the post-2022 CAP reform, the Basic Income Support for Sustainability (BISS)[1] replaces the Basic Payment Scheme (BPS) and the Single Area Payment Scheme (SAPS) under Regulation (EC) No 1307/2013.

On average, European farm income remains significantly below the rest of the economy (49% of EU average income in 2021)[2] and highly variable. The BISS offers a safety net of income support by guaranteeing a minimum level of agricultural income to all active farmers, to be topped-up by other direct payments targeting specific issues or specific types of beneficiaries.

I. BISS

The BISS is a compulsory type of intervention for all Member States and constitutes an annual area-based decoupled payment paid for all the eligible hectares.

As it is decoupled from production, the payment is not related to the actual production on that area. The decoupling of income support was introduced through successive reforms to break the link between support to farmers and the type of products (and quantities) they produce. Decoupling moved the EU agricultural sector towards greater market orientation by giving farmers freedom to

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[1] Regulation (EU) No 2115/2021 Chapter 2 of Title II

[2] Source: AGRI Data Portal: Farm entrepreneurial income

produce according to market demand. Simultaneously, the granting of the full income support became increasingly conditioned to the respect of some specific requirements related mainly to environmental and animal welfare aspects.

As a general rule, BISS is paid as uniform amount per eligible hectare declared by an active farmer. However, MS having applied payment entitlements (PE) in their former BPS may decide to continue to use entitlements for granting BISS.

In all cases, BISS payments can be differentiated according to groups of territories with similar socio-economic or agronomic characteristics. In addition, in MS using entitlements, the amount per hectare might continue to differ depending on the value of entitlements and subject to the rules on internal convergence.

Being entitled to a payment under the BISS is a pre-condition for farmers for being granted payments under all other DP types of interventions with the exception of coupled income support, the crop-specific payment for cotton, and those eco-schemes which are established on the basis of the income foregone and cost incurred principle.

1.1 Territorialisation

BISS support may be differentiated between groups of territories based on differences in socio-economic and/or agronomic conditions. BISS territorialisation does not intervene at eligibility level but allows differentiating the unit rate of support. The definition of different groups of territories with different levels of income support is defined by the MS on the basis of the CAP Strategic Plan (CSP) SWOT and the needs' assessment. Groups of territories may be defined as a continuous spatial entity or as mosaics.

6 MS decided to implement their BISS with differentiated unit rate support on the basis of different group of territories: AT, EL, ES, FR, FI, LV.

Table 1: MS CSP BISS groups of territories

MS	Number of different territories	Based on agronomic conditions	Based on socio-economic conditions
AT	2	x	
EL	3	x	
ES	20	x	x
FR	2	x	
FI	3	x	
LV	2	x	x

1.2 Financial allocation

Table 2: MS CSP indicative allocation to BISS (2023-2027)

MS	BISS ('000 EUR)	BISS (share of DP)	average BISS/ha
Belgium-Wallonia	402 425	30%	143
Belgium-Flanders	564 622	54%	143
Bulgaria	1 991 340	48%	101
Czechia	1 274 906	31%	67
Denmark	3 096 130	75%	227
Germany	13 517 917	61%	147
Estonia	526 952	52%	110
Ireland	3 642 474	61%	165
Greece	4 274 575	49%	214
Spain	12 305 844	51%	128
France	16 524 522	48%	130
Croatia	712 063	38%	130
Italy	8 451 602	48%	167
Cyprus	155 219	65%	233
Latvia	853 280	50%	90
Lithuania	1 135 097	38%	82
Luxembourg	80 297	49%	132
Hungary	3 618 150	55%	147
Malta	18 154	42%	638
Netherlands	1 692 610	57%	180
Austria	2 387 972	70%	189
Poland	8 204 635	47%	120
Portugal	1 572 757	45%	81
Romania	4 822 415	49%	101
Slovenia	414 451	62%	184
Slovakia	943 344	47%	104
Finland	1 478 197	57%	130
Sweden	2 035 534	59%	138
EU-27	96 697 483	**51%**	**134**

1.3 BISS implementation through entitlements

Support is paid as an annual decoupled area-based payment for the eligible hectares held by the eligible farmer. However, MS having applied a system of payment entitlements (PE) under the Basic Payment Scheme (BPS), could decide to grant BISS by means of payment entitlements.

An entitlement is a right to receive an annual payment of a certain value provided certain requirements are met. Entitlements were introduced in the 2003 CAP reform in the context of the decoupling of support from production. The objective was to ensure a smooth transition to decoupled support. In a system based on payment entitlements, payment is only granted for eligible hectares for which a payment entitlement has been activated. The amount of the payment is based on the value of the payment entitlement. The activation of payment entitlements is done annually by declaring eligible hectares with an accompanying number of payment entitlements.

From 2023, only 9 MS will implement the BISS on the basis of entitlements. Among them, PT plan to quit that system from 2026.

Table 3: MS CSP for the BISS with and without entitlements

	MS
Former SAPS MS (10)	BG, CZ, EE, CY, LV, LT, HU, PL, RO, SK
Former BPS MS without PE in 2023 (8)	DK, DE, MT, NL, AT, SI, FI, SE
Former BPS MS abolishing PE during the period (1)	PT (2026: 1st year without PE)
MS maintaining PE until the end of the period (8)	BE, IE, EL, ES, FR, HR, IT, LU

1.3.1 Who is entitled to receive payments under BISS with payment entitlements?

Active farmers[3] may obtain BISS payment entitlements through:

- Conversion of their BPS entitlements to BISS entitlements in the first year of application of BISS
- National reserve
- Transfer

There is no expiry of all BPS payment entitlements at the end of the last year of application of BPS. The pre-2023 BPS entitlements are converted by MS into BISS entitlements. The conversion of non-expired entitlements into BISS entitlements consists in adapting the value of the entitlements (see chapter on internal convergence). In MS where full internal convergence was achieved, the value will be uniform unless territorialisation is applied. In MS where no full internal convergence is reached, there will be differentiated values, in accordance with the rules on internal convergence in Article 24 of Regulation 2115/2021 (SPR).

[3] As defined in Article 4(5) Regulation 2115/2021

All Member States implementing BISS through the PE shall establish a reserve. Payment entitlements from the reserve shall only be allocated to active farmers. The reserve must as a priority be used to allocate payment entitlements to the following three groups:

- Young farmers setting up a holding for the first time,
- New Farmers,
- where a farmer is entitled by virtue of a definitive court ruling or by virtue of a definitive administrative act of the competent authority of a Member State.

MS may lay down additional categories (e.g. to prevent land abandonment…) for the allocation of PE from the reserve depending on their identified needs after the above priority groups have been served.

The value of the payment entitlements from the reserve must equal the national average value of payment entitlements in the year of allocation or, in case of territorialisation, the average value of payment entitlements for the related group of territories in the year of allocation. MS may also use the reserve to increase the value of existing payment entitlements up to the average value.

Except in the case of transfer by actual or anticipated inheritance, MS must ensure that PE are transferred only to active farmers. As well, MS with territorialisation, must ensure that PE are transferred within the group of territories where they were allocated. MS can lay down some additional rules for the transfer of payment entitlements. For instance, where payment entitlements are transferred without land, Member States may decide that a part of the transferred payment entitlements are reverted to the national or regional reserve.

Table 4: MS CSP for the BISS reserve

MS	**Reserve Additional categories**	**Increase of existing PE value?**	**Specific rules on Transfer related to EP transfer without land**
IE	No	Yes	Yes
LU	No	Yes	No
EL	No	TBC	Yes
BE W	No	Yes	No
FR	Yes	Yes for priority categories	No
PT	Yes	Only for court case category	Yes
ES	Yes	Yes for priority categories	Yes
BE Fl	Yes	Yes for priority categories	No
IT	Yes	Yes	Yes
HR	Yes	Yes for priority categories and some additional categories	No

1.3.2 Internal convergence

Under the 2013 CAP reform it was decided to move away from historical references and to make the value of PE converge towards a more uniform level. This internal convergence will continue under the BISS.

As a first step of further convergence of the value of PE, Article 24(1) of regulation 2115/2021 lays down that Member States determine the unit value of payment entitlements before convergence by adjusting the value of payment entitlements proportionally: MS applies a percentage (depending on new DP envelops) to the sum of the PE 2022 value and the related greening payment. This percentage is a ***uniform*** percentage, unless MS decide to differentiate the amount of support in accordance with Article 18(2) SPR (territorialisation).

Then, MS set the following elements in their convergence strategy:

1. MS set a **maximum for the value of individual payment entitlements** to be reached by all PE by CY2026 at the latest. (Article 24(3) SPR).
2. MS set a **minimum for the value of individual payment entitlements**. This minimum will be **at least 85%** (partial convergence) of the planned average unit amount for CY2026. (Article 24(5) SPR). In case of **partial convergence**, MS decide on the level of increase of the value of PE as long as it is ensured that, for claim year 2026, each PE reaches a value of at least 85% of the planned unit amount for CY2026.
3. MS also plan the **steps of convergence** (i.e. the steps of adjustment of the value of payment entitlements).
4. MS plan how the increase of the value of payment entitlements will be financed. The increase of the PE with a value below the planned unit amount for claim year 2026 is financed by a reduction of the value of PE with a value above the planned unit amount for claim year 2026.
5. MS may also use the option to fix a percentage of **maximum decrease for PE values**. If selected, this maximum decrease should be 30% or higher, without prejudice to the respect of the maximum for the value of individual payment entitlements. In other words, MS can limit the percentage by which a PE can be further reduced but this percentage shall be 30% or more.

Overall, 6 MS does not plan to reach an average flat rate by 2026 (BE, FR, IT, ES, LU, IE) while, PT, HR and EL planned to reach such flat rate (for EL, it is a flat rate different for each group of territory). In the case of PT, reaching the flat rate will be accompanied by the end of the implementation through entitlements in 2026.

Table 5: MS CSP for the internal convergence

MS	Minimum value in CY2026 (%)	Maximum PE value in CY2026 (EUR)	Maximum decrease (%)	Steps
BE-Flanders	85%	EUR 1 500 (in CY2026)	/	4 steps
BE-Wallonia	85%	EUR 130	/	4 steps

IE	85%	EUR 285	/	4 steps
FR (Hexagone)	85% (by CY2025)	EUR 1 000 (in CY2025)	30%	2 steps
HR	100% (full convergence)	/	/	4 steps
IT	85%	EUR 2 000 (from CY2023) EUR 1 400 (in CY2026)	30%	4 steps
EL (by territory)	100%	/	/	4 steps
PT	100%	/	/	4 steps
ES (by territory)	85%	From 113 to 1 546 (by territory)	/	4 steps
LU	92%	EUR 657 (2026)	/	4 steps (FLAT RATE by 2027)

II. Capping and Degressivity

The objective of capping and degressivity of payments is to make the distribution of support fairer and more targeted and efficient.

Article 17 set out the rules for capping and degressivity. The EU rules actually ensure leeway to the Member States. They may decide (based upon the SWOT and needs assessment) to apply either reduction of payments, or capping, or both, or neither of the two.

Member States may cap the amount of the basic income support for sustainability to be granted to a farmer for a given calendar year.

- Member States that choose to introduce capping shall reduce by 100 % the amount exceeding EUR 100 000.
- Member States may reduce the amount of the basic income support for sustainability to be granted to a farmer for a given calendar year exceeding EUR 60 000 by up to 85 %. Member States may set additional ranges above EUR 60 000 and specify the percentages of reduction for those additional ranges.

According to Article 17 (3) points (a), (b) and (c) of Regulation (EU) 2021/2115 (SPR), before applying capping and degressivity, in order to avoid negative effects on (rural) employment, Member States may subtract some of the salaries/labour costs linked to an agricultural activity as defined in 4(2) of SPR.

MS decides also to what purpose/other CAP intervention the amount resulting from the degressivity/capping will be used to improve the targeting of the support. The estimated product of the reduction of payments shall primarily be used to contribute to the financing of the complementary redistributive income support for sustainability, and thereafter to other interventions belonging to decoupled direct payments. Member States may also use all or part of the product to finance types of intervention under the EAFRD as specified in Chapter IV by means of a transfer.

Table 6: MS CSP for the capping and degressivity

MS	Degressivity	Capping Y/N	Subtraction labour costs
IE	Y 60 000 - 100 000: 85%	Y	N
LT	N	Y	Y
AT	N	Y	Y
LV	N	Y	Y
BG	N	Y	Y
ES	Y 60 000 - 75 000: 25% 75 000 - 90 000: 50% 90 000 - 100 000: 85%	Y	Y
SK	Y	Y	Y

	60 000 - 100 000: 85%		
BE-FL	Y 60 000 - 100 000: 85%	Y	N
BE-W	Y 60 000 - 75 000: 30% 75 000 - 100 000: 85%	Y	N
PT	Y >100 000 : 50%	N	N
SI	Y 60 000-160 000: 35% 160 000 - 260 000: 45% 260 000 - 360 000: 55% > EUR 360 000 : 65%	N	N

III. Direct Payment and Risk Management

The recent cases of droughts, floods and spread of animal and plant diseases have shown the importance of an adequate risk management in agriculture. It is therefore imperative, for the CAP, to provide for a suitable framework that combines EU-level support with Member States' and private sector's schemes, with the ultimate objective of enhancing the resilience of the farming sector in the long-term, while empowering farmers to risk-proof their businesses.

Article 19 of Regulation 2115/2021 sets that MS may decide to assign up to 3% of the direct payments to be paid to a farmer's contribution to a risk management tool. It does not foresee the creation of a specific risk management intervention, neither under direct payments, nor under Rural Development. It is allowing MS to decide that all or part of the farmer's contribution to a risk management tool (inside or outside the CAP Strategic Plan) will be financed by means of up to 3% of the direct payments to be granted to each farmer. Member States having decided to make use of this provision shall apply it to all farmers receiving direct payments in a given year.

Under Pillar I, 3 MS did the choice to implement Article 19: IT, RO and BG.

Table 7: MS CSP for the DP and Risk Management

MS	% of DP to a Risk Management tool
IT	3%
RO	3%
BG	1.5%

IV Transitional National Aid (TNA)

All the Member States having granted transitional national aid in the period 2015-2022 have the right to continue to grant this type of aid to farmers.

Conditions for granting support should remain equal to those applied for the past except for a possible update on the reference period to no later than the year 2018, where MS considers it relevant. Most of the MS concerned (except for CY) decided to update the reference period for part or all of their TNA interventions.

Envelopes by sectors should be gradually phased out: from 50% of the initial envelope (defined in 2013 decisions) in 2023 (same envelope as in 2020 to 2022) to 30% in 2027.

Table 8: MS CSP for the TNA

MS	Applying TNA from 2023	Update of the reference period
BG	Yes	Yes
CZ	No	/
EE	Yes	Yes
CY	Yes	No
LV	No	/
LT	No	/
HU	Yes	Yes
PL	Yes	Yes
RO	Yes	Yes
SK	Yes	Yes