

Agricultural Producers Support Act

Promulgated, State Gazette No. 58/22.05.1998, amended and supplemented, SG No. 79/10.07.1998, amended, SG No. 153/23.12.1998, effective 1.01.1999, SG No. 12/12.02.1999, supplemented, SG No. 26/23.03.1999, effective 23.03.1999, amended and supplemented, SG No. 86/1.10.1999, effective 2.01.2000, amended, SG 113/28.12.1999, amended and supplemented, SG No. 24/24.03.2000, SG No. 34/6.04.2001, supplemented, SG No. 41/24.04.2001, amended, SG No. 46/7.05.2002, amended and supplemented, SG No. 96/11.10.2002, supplemented, SG No. 18/5.03.2004, effective 6.04.2004, amended and supplemented, SG No. 14/11.02.2005, amended, SG No. 105/29.12.2005, effective 1.01.2006, amended and supplemented, SG No. 18/28.02.2006, amended, SG No. 30/11.04.2006, effective 12.07.2006, No. 34/25.04.2006, effective 1.01.2008 (*)(**) No. 59/21.07.2006, effective on the day of entry into force of the EU Treaty of Accession of the Republic of Bulgaria - 1.01.2007, amended and supplemented, SG No. 96/28.11.2006, effective 1.01.2007, amended, SG No. 108/29.12.2006, effective 1.01.2007, supplemented, SG No. 13/9.02.2007, amended, SG No. 59/20.07.2007, effective 1.03.2008, amended and supplemented, SG No. 16/15.02.2008, amended, SG No. 36/4.04.2008, SG No. 43/29.04.2008, amended and supplemented, SG No. 100/21.11.2008, SG No. 12/13.02.2009, effective 1.01.2010 - amended, SG No. 32/28.04.2009, SG No. 82/16.10.2009, effective 16.10.2009, amended and supplemented, SG No. 85/27.10.2009, supplemented, SG No. 59/31.07.2010

*Note: An update of the English text of this Act is being prepared
following the amendments in SG No. 8/25.01.2011

(*) effective 1.07.2007 - amended, SG No. 80/3.10.2006, effective 3.10.2006

(**) effective 1.01.2008 - amended, SG No. 53/30.06.2007, effective 30.06.2007

Text in Bulgarian: Закон за подпомагане на земеделските производители

Chapter One GENERAL

Article 1

(Supplemented, SG No. 96/2002, amended, SG No. 14/2005)

This Act shall regulate:

1. government support for agricultural producers in producing unprocessed and/or processed agricultural produce for commercial purposes and the implementation of measures included in the National Development Plan for Agriculture and Rural Areas;
2. the implementation of measures for stimulating the export and for regulating the import and export of agricultural products.
3. (new, SG No. 18/2006) the accreditation, structure, activities and control over the Paying Agency;
4. (new, SG No. 18/2006) regulation of production of sugar from sugar beet and isoglucose;
5. (new, SG No. 18/2006) the setting up and functioning of the Integrated Administrative and Control System;
6. (new, SG No. 18/2006) the application of the single area payment scheme in compliance with the Common Agricultural Policy of the European Union.

Article 2

Government support shall have the following purpose:

1. (Supplemented, SG No. 96/2002) Develop effective agricultural and forestry farms and of a competitive food industry;
2. (Amended, SG No. 14/2005) Promote the production of agricultural produce in regions with poor social and economic characteristics ;
3. Protect and improve soil fertility and the genetic stock;
4. Promote organic agriculture;
5. Promote the development of a stable domestic market and enlargement of international markets for Bulgarian agricultural produce;
6. Improve production infrastructure in agricultural regions;
7. Create conditions for increasing income levels of agricultural producers from the sale of agricultural produce.
8. (New, SG No. 96/2002) Create conditions and promote the activity of young specialists in agriculture;
9. (New, SG No. 96/2002) Develop rural and mountain areas;
10. (New, SG No. 96/2002) Promote local production of high-quality non-processed and processed agricultural produce and compliance with veterinary, phyto-sanitary and hygienic requirements.
11. (New, SG No. 14/2005) Promote the use of agricultural land and the development of production of agricultural produce in regions with unfavourable natural conditions and in Natura 2000 areas, as well as reduce the degree of depopulation in these regions.

Article 2a

(New, SG No. 18/2006)

- (1) The body, competent for accreditation of the Paying Agency within the meaning of European Union acquis shall be the Minister of Agriculture and Food.
- (2) In his/her capacity of competent body the Minister of Agriculture and Food shall:

1. accredit the Paying Agency by an act of accreditation, which shall be published in State Gazette;

2. designate a certification body;

3. monitor and control conformity of the activities of the Paying Agency to the accreditation criteria.

(3) The requirements in regard to and the procedure of accreditation, of monitoring and control of compliance with the requirements, as well as for withdrawal of the accreditation of the Paying Agency under Article 2, point 1, shall be prescribed by Ordinance of the Minister of Agriculture and Food.

(4) The Minister of Agriculture and Food shall notify the European Commission of the accreditation performed.

Article 2b

(New, SG No. 18/2006)

(1) Only one Paying Agency shall be accredited for this country.

(2) (Effective 1.01.2007, amended, SG No. 36/2008) The Paying Agency shall make all payments in the territory of Bulgaria using resources from the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund.

Article 2c

(New, SG No. 18/2006)

(1) (Effective 1.01.2007) The Minister of Agriculture and Food shall control the activity of the Paying Agency through:

1. the certification body under Article 2a(2), point 2;

2. a specialized unit within the Ministry of Agriculture and Food.

(2) The specialized unit under paragraph (1), point 2 shall report directly to the Minister of Agriculture and Food.

(3) The functions of the specialized unit shall be determined by the Rules of Organization of the Ministry of Agriculture and Food.

(4) (Effective 1.01.2007) The specialized unit shall perform audits in conformity with international audit standards.

Article 2d

(New, SG No. 18/2006)

(1) The Ministry of Agriculture and Food shall draw up:

1. National strategic plan for development of rural regions for the period 2007 - 2013;

2. Program for development of rural regions for the period 2007 - 2013.

(2) The National strategic plan for rural development for the period 2007 - 2013 shall be drawn up in conformity with the Strategic guidelines for rural development in the European Union and be endorsed by the Council of Ministers.

(3) The Program for rural development for the period 2007 - 2013 shall be endorsed by the Council of Ministers and implemented by the Ministry of Agriculture and Food.

(4) The documents under paragraph (1) shall be drawn up in cooperation with social and economic partners, local self-government bodies, trade organizations and other non-governmental organizations and be offered for wide public discussion. The place and starting hour of the discussion shall be announced in two nationwide-circulation dailies and posted on the Ministry of Agriculture and Food website. The minutes of discussion and written opinions of the organizations shall be attached to the documents under paragraph (1) at the time of their submission for endorsement by the Council of Ministers.

Article 3

(1) By 31 October, the Minister of Agriculture and Food shall present an annual report on the status and development of agriculture to the Council of Ministers for its approval.

(2) The annual report shall contain:

1. A report and analysis of the status of agriculture for the previous year and estimated results for the current year;

2. (Amended, SG No. 96/2002) A programme including the objectives, implementation measures, financial instruments and resources for the following year.

(3) (New, SG No. 86/1999, supplemented, SG No. 41/2001, repealed, SG No. 96/2002)

(4) (Renumbered from Paragraph 3, SG No. 86/1999) The annual report shall be adopted by the Council of Ministers prior to introducing the draft State Budget Act into the National Assembly.

Article 3a

(New, SG No. 18/2006, effective 1.01.2007)

(1) By 31 March of each year the Executive Director of the Paying Agency shall draw up and submit to the Minister of Agriculture and Food an annual report on the activities of the Agency. The Minister of Agriculture and Food shall submit the annual report on the activities of the Agency for approval by the Council of Ministers.

(2) The annual report under paragraph (1) shall include:

1. information on the support provided in the course of the year;

2. information on the administration of proceeds from European funds and the state budget in the course of the year;

3. findings of any audits of the Agency, performed in the course of the year.

Article 4

(Supplemented, SG No. 14/2005)

The state shall support agricultural producers by means of economic, structural and organisational measures, scientific and information support, consultations, and by improving their training.

Article 5

Government support shall be performed by government authorities and organisations by means of special structural units at the national and regional levels.

Article 6

The Ministry of Agriculture and Food shall set up regional agricultural services.

Article 7

(1) A register of agricultural producers shall be established and maintained with the Ministry of Agriculture and Food.

(2) (Amended, SG No. 96/2002, repealed, SG No. 14/2005)

Article 7a

(New, SG No. 14/2005, repealed, SG No. 96/2006)

Article 7b

(New, SG No. 14/2005, repealed, SG No. 96/2006)

Article 7c

(New, SG No. 14/2005, repealed, SG No. 96/2006)

Article 7d

(New, SG No. 14/2005, amended and supplemented, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7e

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7f

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7g

(New, SG No. 18/2006, amended, SG No. 34/2006, repealed, SG No. 96/2006)

Article 7h

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7i

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7j

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 7k

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 8

(1) (Amended, SG No. 96/2002) On a monthly basis, by the 10th of each month, the list of registered agricultural producers who are natural persons shall be presented to the local offices of the Employment Agency under the Minister of Labour and Social Policy.

(2) (Repealed, SG No. 96/2002)

Article 9

(1) (Supplemented, SG No. 14/2005, Previous Article 9, SG No. 18/2006) The state shall facilitate the association and the activities of agricultural producers in organisations based on product, function or regional features.

(2) (New, SG No. 18/2006) The Minister of Agriculture and Food shall determine by ordinance the terms and procedure for recognition of organizations of agricultural producers and inter-branch organizations.

Article 9a

(New, SG No. 96/2002)

(1) The state shall support agricultural producers in the production of produce according to quality requirements as set up in Paragraph 2.

(2) The Minister of Agriculture and Food shall issue regulations setting up quality requirements for agricultural products eligible for support and a procedure for exercising quality control.

Article 10

(1) (Amended, SG No. 96/2002) An Integrated Information System and a National Agricultural Extension Service shall be set up and maintained with the Ministry of Agriculture and Food.

(2) (Amended, SG No. 96/2002) Information from the Integrated Information System and the National Agricultural Extension Service designed for agricultural producers shall be provided free of charge.

(3) (Supplemented, SG No. 96/2002, amended, SG No. 14/2005) Periodically, agricultural producers registered following the procedure set out in Article 7 shall provide the regional agriculture directorates with information about their activities.

Article 10a

(New, SG No. 96/2002)

Municipal councils shall provide, under terms and following a procedure as set up by them, not less than 50 per cent of the commercial area in municipal marketplaces designated for the sale of fruit and vegetables, for the use of registered agricultural producers selling their own agricultural produce.

Article 10b

(New, SG No. 14/2005)

(1) Preliminary licensing in case of imports may be applied within the framework of the tariff quotas for the following agricultural products: grain, rice, sugar, milk and dairy products, beef, veal, pork and pork products, and chicken. The Minister of Agriculture and Food or an official authorised by him/her shall issue the import licenses.

(2) For the period of its validity the import license shall allow imports at a lower customs duty rate within the tariff quota for the product type and quantity listed in the license for a product of specific origin.

(3) The import license shall not be transferable. The imports of specific quantities of products under an issued license may not be transferred to another person.

Article 10c

(New, SG No. 15/2005, effective 1.07.2005)

(1) The Council of Ministers, following a proposal made by the Minister of Agriculture and Food, shall approve with a decision the tariff quotas for which licenses are issued, the distribution of the annual tariff quotas for import of agricultural produce by implementation periods - three-month periods and six-month periods, and shall announce the quota amount for the respective period. The decision of the Council of Ministers shall be promulgated in the State Gazette. The distribution and allocation of quota shares shall take place before the beginning of the respective implementation period.

(2) Agricultural produce importers shall file an application for import license within 7 days of the promulgation of the decision referred to in Paragraph 1. The application shall be addressed to the Minister of Agriculture and Food and shall be accompanied by the following documents:

1. (amended, SG No. 105/2005, No. 34/2006) certificate reflecting current status of entry in the Commercial Register;

2. notary-certified sample signature of the applicant or of a person authorised to represent him/her;

3. receipt for paid cash guarantee for license implementation;

4. declaration that the applicant or his/her related persons within the meaning of the Commerce Act have not filed more than one application for import of the same product within the quantity of one tariff quota announced for allocation for the respective period of implementation;

5. other documents specific to the individual products as determined by the regulation referred to in Article 10e, Paragraph 3.

(3) Each applicant, as well as his/her related persons, shall file only one application for the import of one product within the tariff quote quantity announced for allocation for the respective period of implementation. Where it is found that the applicant or his/her related persons have filed more than one application, they shall be rejected.

(4) The amount of the cash guarantee for license implementation per one unit of quantity shall be determined with the regulation referred to in Article 10e, Paragraph 3.

(5) Where the documents filed are incomplete or inaccurate, a 7-day period for removing the deficiencies shall be granted.

(6) Import licenses are issued to persons constituting traders within the meaning of the Commerce Act.

(7) Licenses for sugar import shall be issued only to sugar producers. The applicant shall attach to the application referred to in Paragraph 2 a declaration that he undertakes to refine the

raw sugar quantity for which he is applying within one year of the import date.

Article 10d

(New, SG No. 14/2005, effective 1.07.2005)

(1) The allocation of the import quantities under the tariff quotas shall be carried out within 14 days of the expiry of the deadline referred to in Article 10 (c), Paragraph 5. The results from the allocation shall be announced within a three-day period. Within 7 days after the results are announced, the Minister of Agriculture and Food shall return to each applicant the guarantee paid for the quantities for which he did not obtain the tariff quota for import.

(2) The allocation of the import quantities under the tariff quotas shall be carried out on the basis of the quantities declared. Where the declared quantities exceed the allocated quantity, the proportionality principle shall be applied and each importer shall be issued a license for part of the quota which is proportionate to his request.

(3) The same applicant may not be allocated more than one third of the quantity of a tariff quote which has been announced for allocation for the respective implementation period.

(4) Quantities under the tariff quote which have not been allocated or used shall be transferred for allocation during the next implementation period during the year for which the tariff quota applies.

(5) The import license shall state the type, quantity and country of origin of the agricultural product for which it is issued, as well as its term of validity. The content and the format of the license shall be determined with the regulation referred to in Article 10 (e), Paragraph 3.

Article 10e

(New, SG No. 14/2005, effective 1.07.2005)

(1) The customs authorities shall control the import, report the quantities imported under the tariff quotas for import of agricultural products, and certify the issued licenses and other documents determined with the regulation referred to in Paragraph 3.

(2) The Minister of Agriculture and Food shall return to importers the guarantee paid for the quantity realized under the respective license within 7 days of the date of submission of the import license certified by the customs authorities and of the import customs declaration. The guarantee shall be reimbursed fully upon presentation of a certified license and a customs declaration for realized import of 95% of the quantity specified in the license.

(3) The procedure for issuing import licenses within the tariff quotas shall be determined with a regulation of the Council of Ministers.

Article 10f

(New, SG No. 18/2006)

(1) Production of sugar from sugar beet and of isoglucose shall take place within the limits of sugar production quotas and isoglucose production quotas.

(2) Production of sugar from sugar beet and of isoglucose may also be conducted outside the production quotas determined, where the sugar/isoglucose are intended for export.

(3) Sugar production quotas and isoglucose production quotas shall be determined within the framework of a basic quantity for production of sugar and a basic quantity for production of isoglucose.

(4) The Minister of Agriculture and Food shall, with participation from the branch associations, shall determine by ordinance:

1. figures for the basic quantity for production of sugar and the basic quantity for production of isoglucose.

2. terms and procedure for determining, transfer, decrease and increase of sugar production quotas and isoglucose production quotas;

3. procedure for export of sugar and isoglucose, produced outside the production quotas;

4. procedure for keeping the register of producers of sugar and isoglucose.

5. procedure for determining the quantities of sugar and isoglucose, for providing information on the production of sugar and isoglucose and for making checks of the information provided;

6. procedure for implementing control over production.

(5) (Repealed, SG No. 96/2006) .

(6) Producers, which have produced sugar or isoglucose outside the production quotas, shall be obliged to export them by 31 December following the end of the respective business year.

Article 10g

(New, SG No. 18/2006)

(1) The Managing Board of the Agriculture State Fund shall allocate a sugar production quota and a isoglucose production quota to any producer of sugar/isoglucose, which conforms to the following conditions:

1. having the capacity of merchant within the meaning of the Commerce Act ;

2. managing autonomously and at its expense one or more sugar/isoglucose production enterprises on the territory of the Republic of Bulgaria;

3. having the required capacity for production of sugar/isoglucose in the respective business year.

4. is not undergoing a liquidation or insolvency procedure.

(2) The sugar production quotas and a isoglucose production quotas for the first business year shall be allocated to producers of sugar/isoglucose, in the enterprises of which the following were produced:

1. sugar from sugar beet during the period of 1998 - 2002;

2. isoglucose during the period of 2002 - 2003

(3) The sugar production quotas and a isoglucose production quotas for the first business year shall be allocated based on submission of an application by any sugar/isoglucose producer, as follows:

1. in proportion to the sugar producer's share of the average yearly sugar production for the period under paragraph (2), point 1;

2. in proportion to the isoglucose producer's share of the average yearly isoglucose production for the period under paragraph (2), point 2.

(4) The sugar production quotas and a isoglucose production quotas for the subsequent business years shall be allocated based on the final production quota volumes for the current business year.

Article 10h

(New, SG No. 18/2006)

(1) The Agriculture State Fund shall keep a public register of sugar and isoglucose producers, to which a sugar and isoglucose production quotas were allocated, as well as of producers, which manufacture sugar/isoglucose outside the production quotas set.

(2) Information shall be collected in the register under paragraph 1 on available sugar and isoglucose production capacities of producers, as well as information regarding the production quotas, allocated to them.

Article 10i

(New, SG No. 18/2006)

(1) Sugar and isoglucose producers, to which production quotas were allocated, as well as producers, which produced sugar or isoglucose outside the quotas allocated, shall submit regular information to the Agriculture State Fund on:

1. sugar and isoglucose quantities produced and exported;
2. sugar and isoglucose available in stock;
3. any contracts executed for supply of sugar beet and the quantities of sugar beet processed.

(2) Agriculture State Fund shall perform checks of the information, submitted by sugar and isoglucose producers under paragraph 1.

(3) Sugar and isoglucose producers shall be obliged to provided access to accounting, commercial and technical documentation, as well as to equipment for production, storage and accounting for sugar and isoglucose production, as well as to render assistance to the Agriculture State Fund officials in conducting the checks under paragraph 2.

Chapter Two AGRICULTURE STATE FUND

Article 11

(1) (Amended, SG No. 96/2002) The Agriculture State Fund, hereinafter referred to as "the Fund", which is a legal person, shall be hereby established.

(2) (Amended, SG No. 96/2002) The Fund shall:

1. (Amended, SG No. 14/2005, SG No. 96/2006) Provide financial support to registered agricultural producers;
2. Perform the functions of a SAPARD Agency.
3. (New, SG No. 14/2005) Provide funding to other persons and perform other functions where it is so provided by law.

4. (New, SG No. 18/2006) Discharge the functions of Paying Agency as of the date of issue of the act of its accreditation.

(3) (New, SG No. 96/2002) The terms and procedure for financial support under the SAPARD Programme, and the requirements concerning persons supported shall be established in regulations to be issued by the Minister of Agriculture and Food in accordance with the National Development Plan for Agriculture and Rural Areas and the Multi-annual Financial Agreement under the Special Pre-accession Programme of the European Union for the Development of Agriculture and Rural Areas in the Republic of Bulgaria.

(4) (New, SG No. 14/2005) The Minister of Agriculture and Food shall determine with a regulation the terms and procedure for supporting agricultural producers which operate and are registered in regions with unfavourable natural conditions or Natura 2000 areas.

Article 11a

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall:

1. (amended, SG No. 36/2008) accept, check and make decisions on the requisitions under support schemes and measures under the Common Agricultural Policy;
2. make the payments under the support schemes and measures under the Common Agricultural Policy;
3. perform book-keeping operations in regard to the support schemes and measures under the Common Agricultural Policy and Common Fisheries Policy;
4. control the use of aids under the support schemes and measures under the Common Agricultural Policy, which require posterior control;
5. carry out interventions on markets of agricultural products and apply other market regulation measures, as prescribed by European Union acquis;
6. make available to the Ministry of Agriculture and Food and the European Commission regarding support implemented;
7. disseminate information regarding the schemes and measures under the Common Agricultural Policy and the respective eligibility requirements;
8. Implement other activities, assigned to it by law, act of the Council of Ministers or of the Minister of Agriculture and Food or ensue from European Union acquis.

(2) The decisions of the Paying Agency under paragraph (1), point 1 shall be posted on its website within 7 days of their issuance and shall be announced by being placed in a prominent location at the respective agriculture municipal service and the respective territorial unit of the Paying Agency.

Article 12

(1) (Amended, SG No. 96/2002, supplemented, SG No. 14/2005) The Fund shall support parties referred to in Article 11, Paragraph 2, Item 1 and Paragraph 3 and provide funding to the persons referred to in Article 11, Paragraph 2, Item 3 in:

1. Making investments in agriculture;
2. (Amended, SG No. 96/2002) Production and processing of local agricultural produce intended for sale on the domestic and external markets;
3. Setting up and development of private agricultural farms and the organisations under Article 9;
4. (Amended, SG No. 14/2005) Development of agriculture in regions with poor social and economic characteristics;
5. (Amended, SG No. 96/2002, supplemented, SG No. 14/2005) Protection and improvement of soil fertility, development of organic agriculture, raising and other activities related to the preservation of the genetic stock, of endangered pedigrees and of pedigrees of diminishing population;

6. Development of production infrastructure in agriculture;
7. (New SG 34/2001, amended, SG No. 96/2002) design, construction, rehabilitation and overhaul of the hydromeliorative infrastructure which has been transferred into the property of agricultural producers organised in associations for irrigation or is owned by natural persons, sole proprietors or other legal persons.
8. (Renumbered from item 7, SG No. 34/2001) Purchase of land for the establishment or extension of agricultural production;
9. (Renumbered from item 8, SG No. 34/2001, supplemented, SG No. 41/2001) Setting up stock-breeding farms and purchases of breed livestock, setting up farms for fish-breeding and other aquacultures and purchasing genetic stock of fish and other aquatic organisms;
10. (Renumbered from item 7, SG No. 34/2001, amended, SG No. 14/2005) Activities related to training and information support.
11. (New, SG No. 96/2002) Investment in rural and mountain areas in developing their infrastructure and in activities servicing agricultural production;
12. (New, SG No. 96/2002) Government intervention in agricultural markets;
13. (New, SG No. 96/2002, supplemented, SG No. 14/2005) Establishment of whole-sale markets and markets.
14. (New, SG No. 14/2005) Development of agriculture in regions with unfavourable natural conditions and in Natura 2000 areas;
15. (New, SG No. 14/2005) Performance of other tasks where it is so provided by law.
 - (2) In execution of the objectives under para 1, the Fund shall:
 1. (Amended, SG No. 96/2002, SG No. 14/2005) Provide the agricultural producers of non-processed and processed agricultural produce registered under Article 7 and parties referred to in Article 11, Paragraph 2, Item 3, and Paragraph 3;
 - a) subsidies, including for full or partial recovery of their bank loan interest expenses;
 - b) special purpose loans;
 - c) guarantees, or undertake sponsorship with financial institutions;
 2. (Amended, SG No. 96/2002) Intervene in agricultural markets;
 3. (Repealed, SG No. 96/2002)
 4. (Repealed, SG No. 96/2002)
 5. (Repealed, SG No. 24/2000)
 6. (New, SG No. 96/2002) Provide export subsidies.
 - (3) (New, SG No. 24/2000, amended, SG No. 96/2002) Settlements included in rural and mountain areas under Paragraph 1, Item 11 shall be determined in a regulation to be issued by the Minister of Agriculture and Food and the Minister of Regional Development and Public Works.
 - (4) (New, SG No. 24/2000, repealed, SG No. 96/2002).
 - (5) (New, SG No. 96/2002, repealed, SG No. 108/2006).
 - (6) (New, SG No. 14/2005, amended, SG No. 18/2006) At the proposal of the Minister of Agriculture and Food, drawn up with the participation of the National Association of Municipalities in the Republic of Bulgaria, the Council of Ministers shall determine by regulation the criteria for the regions with unfavourable natural conditions and their territorial scope.
 - (7) (New, SG No. 14/2005) The relations between the Fund and the recipients of credits, subsidies and guarantees, as well as between the Fund and the persons using other services provided by it, shall be arranged with contracts.

Article 12a

(New, SG No. 96/2002, amended, SG No. 14/2005, supplemented, SG No. 18/2006, repealed, SG No. 96/2006)

Article 12b

(New, SG No. 96/2002, supplemented, SG No. 18/2004, amended, SG No. 14/2005, repealed, SG No. 96/2006)

Article 12c

(New, SG No. 18/2006, repealed, SG No. 96/2006)

Article 13

(1) (Amended, SG No. 96/2002) The Fund shall support the parties referred to in Article 11, Paragraph 2, Item 1 and Paragraph 3 in the performance of activities referred to in Article 12 on the basis of programmes adopted by it in accordance with an annual report adopted by the Council of Ministers under Article 3.

(2) (Amended and supplemented, SG No. 96/2002) The Fund shall develop a programme for promoting young specialists of higher agricultural education, agricultural producers who are natural persons aged up to 40. The age shall be determined as of the time of filing an application for funding.

Article 14

(1) The Fund shall form its revenues from:

1. (Supplemented, SG No. 96/2002, amended, SG No. 108/2006) An annual subsidy from the state budget;

2. (Repealed, SG No. 12/1999)

3. Premium income in the amount of 4 percent on insurance policies covering agricultural crops, livestock, machinery, buildings, equipment and other property, as well as other long-term assets of agricultural producers;

4. Management of the Fund's resources, including interest income;

5. Export fees on raw and processed agricultural goods;

6. (Amended, SG No. 153/1998, repealed, SG No. 113/1999);

7. (Repealed, SG No. 18/2006) ;

8. (Amended, SG No. 96/2002, SG No. 14/2005) Donations and aid from financial institutions and organisations, and funds under international agreements;

9. (Supplemented, SG No. 96/2002) Funds received within loans and grants pursuant to a decision of the Council of Ministers or under an order issued by the Minister of Agriculture and Food;

10. (New, SG No. 79/1998) Fines and property sanctions under Chapter Seven of the Registration and Control of Agricultural and Forestry Equipment Act;

11. (New, SG No. 96/2002) Fifty per cent of fines, sanctions and takings in favour of the state pursuant to the Wine and Spirits Act, after deduction of costs;

12. (New, SG No. 96/2002, repealed, SG No. 18/2006) ;

13. (New, SG No. 96/2002, repealed, SG No. 18/2006) ;

14. (Renumbered from item 10, SG No. 79/1998) Other funds as determined by a law or a regulatory instrument of the Council of Ministers.

(2) The Fund's resources shall be spent on:

1. Its activity under Article 12;

2. (Supplemented, SG No. 14/2005) Other activities as envisaged in the annual report, or in a law;

3. (Amended and supplemented, SG No. 14/2005) Administrative, business and other costs associated with its operations, commission fees, etc.;

4. (New, SG No. 26/1999, supplemented, SG No. 14/2005) Financing projects and activities as defined in regional development plans or in a law;

5. (New, SG No. 86/1999, repealed, SG No. 96/2002)

(3) An excess of revenues over expenditures shall constitute a carry forward balance and shall be used as budgeted in the following year.

(4) (Supplemented, SG No. 96/2002) The revenue and expenditure parts of the Fund and the carry-over balance shall be adopted annually by the Council of Ministers, upon a proposal introduced by the Minister of Agriculture and Food, applying the procedure set out in Article 47, Paragraph 2 of the State Budget Procedures Act.

Article 15

(Amended, SG No. 113/1999, SG No. 96/2002,
SG No. 14/2005, SG No. 18/2006)

Contributions under Article 14, para 1, subparas 1, 3, and 5 shall be collected every quarter.

Article 16

(Amended, SG No. 86/1999, SG No. 24/2000, SG No. 96/2002, SG
No. 14/2005, supplemented, SG 85/2009)

In cases under Article 14, para 2, subparas. 1 and 2, the Fund may provide funding to commercial banks for credits they granted under conditions determined by the Fund, including crediting for implementation of SAPARD Programme projects as well as for the Common Agricultural Policy schemes and measures implemented by the Paying Agency.

Article 17

(1) The Fund's resources shall be kept in separate bank accounts with the Bulgarian National Bank.

(2) (New, SG No. 86/1999, repealed, SG No. 96/2002)

(3) (Renumbered from Paragraph 2, SG No. 86/1999, amended, SG No. 96/2002, repealed, SG No. 14/2005)

Article 17a

(New, SG No. 18/2006, effective 1.01.2007)

(1) Resources, made available by European Funds, shall be public financial resources.

(2) The Paying Agency shall keep separate account in regard to all payments, financed by European funds in compliance with European Union acquis.

Article 18

(1) The Fund's bodies shall include:

1. The Board of Directors;
2. The Executive Director.

(2) (Amended, SG No. 18/2006, SG No. 82/2009, effective 16.10.2009) The Board of Directors shall consist of 11 members. The Minister of Agriculture and Food shall be a member and Chairman of the Board of Directors of right. Four of the Board members shall be designated by the Minister of Agriculture and Food. The Minister of Finance, the Minister of Economy, Energy and Tourism, the Minister of the Environment and Water, the Minister of Labour and Social Policy and the Minister of Regional Development and Public Workshall each nominate one of their deputy ministers as members of the Board of Directors.

(3) (Amended, SG No. 18/2006) Upon a proposal by the Minister of Agriculture and Food, after coordination with the Prime Minister, shall propose to the Board of Directors to elect the Fund's Executive Director, who shall become a member of the Board of Directors of right.

Article 19

(1) The Board of Directors shall:

1. Determine the terms and the procedure for managing the Fund's resources in accordance with the purposes of this Act;

2. (New, SG No. 18/2006) Decide on the number of and elect the Deputy Executive Directors of the Fund

3. (Renumbered from Item 2, amended, SG No. 18/2006) Approve the personnel structure (pay-roll) of the Fund;

4. (Renumbered from Item 3, SG No. 18/2006) Exercise control for the appropriate spending of the Fund's resources.

5. (New, SG No. 96/2002, renumbered from Item 4, SG No. 18/2006) Take decisions as referred to in Article 12, Para. 2;

6. (New, SG No. 96/2002, renumbered from Item 5, SG No. 18/2006) Determine the maximum quantities, by product, for export subsidies.

7. (New, SG No. 96/2002, renumbered from Item 6, SG No. 18/2006) Take decisions on any other issue related to the activity of the Fund when they consider it appropriate to do so.

(2) The Chairman of the Board of Directors shall convene its sessions as need be, but at least once every three months.

(3) The Board of Directors shall sit when at least two-thirds of its members are in attendance. Decisions shall be taken by a majority of at least two-thirds of all members.

(4) The Chairman of the Board of Directors shall present to the Council of Ministers a report on the Fund's activities for the previous year by 30 April.

Article 20

The Executive Director shall:

1. Execute the decisions of the Board of Directors;
2. Organise and direct the activities of the Fund;
3. Represent the Fund;
4. Appoint and release the Fund's personnel and the members of lending councils;
5. Resolve on all issues that are not within the exclusive scope of competence of the Board of Directors.

Article 20a

(New, SG No. 18/2006)

- (1) The Executive Director of the Fund shall be Executive Director of the Paying Agency.
- (2) (Effective 1.01.2007) The Executive Director of the Paying Agency shall:
 1. organize and steer the activity of the Paying Agency
 2. represent the Paying Agency.

Article 21

(Amended, SG No. 18/2006)

- (1) The structure and organization of the activities of the Fund shall be regulated by Rules of Organization adopted by the Council of Ministers.
- (2) The Board of Directors shall adopt the rules for the activities of the Fund.

Article 22

(1) (Amended, SG No. 14/2005, repealed, SG No. 18/2006) .

(2) (Amended, SG No. 24/2000, amended and supplemented, SG No. 96/2002, amended, SG No. 14/2005) At the national and regional levels, lending councils may be set up to provide opinions on projects presented for the purposes of obtaining financing from the Fund.

(3) (Repealed, SG No. 18/2006) .

Article 22a

(New, SG No. 18/2006)

(1) The Paying Agency shall consist of:

1. head office in the city of Sofia;
2. territorial structural units.

(2) The following internal structures shall be established within the Paying Agency:

1. mirroring the support schemes and measures under the Common Agricultural Policy of the European Union;
2. based on the functional approach.

(3) The management structure of the head office, the territorial competencies and seats of territorial structural units shall be regulated by the Rules of Organization of the Fund.

(4) The Executive Director of the Paying Agency shall approve the internal rules of activities for the structures under paragraph (2).

Article 22b

(New, SG No. 18/2006)

(1) The Paying Agency shall establish an internal audit structure, for assisting the setting up and maintenance of an effective internal control system.

(2) The internal audit structure shall be independent from the other units of the Paying Agency and report directly to the Executive Director of the Paying Agency.

(3) The internal audit structure shall:

1. carry out its activity in accordance with international audit standards;

2. carry out its activity in accordance with the requirements of European Union acquis and the instructions of the European Commission.

3. report the findings of the audit checks to the Executive Director of the Paying Agency.

(4) Internal auditors, appointed in the internal audit structure, shall be obliged to adhere to the requirements of the Code of Ethics of Internal Auditors.

Article 23

(Amended and supplemented, SG No. 85/2009)

The Ministry of Agriculture and Food, the National Statistics Institute, National Revenue Agency and other state and municipal authorities shall provide the Fund with the information necessary for its activities free of charge.

Article 24

(Repealed, SG No. 96/2002)

Article 25

The Fund may acquire:

1. Long-term tangible assets only in relation to the functioning of its administration;

2. Shares in financial credit institutions engaged in the area of agriculture, upon approval by the Council of Ministers.

3. (New, SG No. 96/2002) Shares and equity participation in single-owner companies with state property the subject of business activity of which includes storage of unique national genetic stock, pedigrees and sorts, in the procedure set out in Item 2.

Article 26

(1) The rules for extending loans, providing guarantees and subsidies shall be established by the Board of Directors.

(2) (Amended, SG No. 96/2002, SG No. 14/2005) The When providing loans and guarantees, as well as when making warrants, the Fund shall accept the securities envisaged in current legislation.

(3) (Repealed, SG No. 96/2002)

(4) (Amended, SG No. 96/2002) The Fund shall be entitled to a mortgage by law on any real property and property rights thereon, including agricultural land, acquired by agricultural producers entirely or partially with a loan extended by the Fund or with a bank loan guaranteed by the Fund.

(5) (Amended, SG No. 96/2002) The Fund shall be obliged within 5 years to sell any long-term tangible assets, moveable and real property acquired in the course of foreclosure.

(6) The Fund shall not accept as security any long-term financial assets other than government securities.

(7) (New, SG No. 96/2002) The Fund may require that the parties receiving support provide documents and information as to the appropriate use of the resources provided, and may conduct checks to verify such use.

Article 26a

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall conduct inspections of the persons, which are beneficiaries of the support schemes and measures under the Common Agricultural Policy.

(2) Such inspections shall be conducted on-site by:

1. Paying Agency structures;

2. The Ministry of Agriculture and Food or other administrative units with the Minister of Agriculture and Food;

3. Other organizations, having the required organizational, technical and personnel capacity.

(3) Acting on proposal by the Executive Director of the Paying Agency, the Minister of Agriculture and Food shall assign by order to the units under paragraph (2), point 2, performance of on-site inspections.

(4) The Executive Director of the Paying Agency shall enter into contracts for conduct of on-site inspections by the organizations under paragraph (2), point 3. Any contract for assigning conduct of inspections shall contain:

1. a comprehensive listing and description of the functions, related to on-site inspections

2. the costs for performance of the delegated functions, which the Paying Agency shall pay to the organization;

3. the deadlines and form for submission of information to the Paying Agency in regard to the inspections performed and the rules for storage of documentation.

Article 26b

(New, SG No. 18/2006, effective 1.01.2007)

(1) Persons, which are beneficiaries of the support schemes and measures under the Common Agricultural Policy, shall be obliged to ensure for the inspectors:

1. access to the projects inspected - to offices, production premises, warehouses, lands etc.;

2. full information on the inspection subject;

3. access to all documents, related to the inspection subject, as well as copies and abstracts thereof;

4. taking of samples of agricultural and food products, soil and waters for the purpose of control analysis.

(2) The state and municipal bodies shall be obliged to render assistance to the inspectors and to make available to them any information and documents, related to the inspection subject.

(3) Any organization under Article 26a(2) shall be obliged to issue orders for each on-site inspection, whereby they would designate the inspectors, the location, subject and scope of the inspection.

(4) The inspectors shall draw up reports of each on-site inspection, to be signed by them and by the person inspected or by its representative. Should the inspected person refuse to sign the report, this fact shall be reflected therein.

Article 27

(1) Relative to any pledges accepted in its favour, the Fund shall enjoy the rights under Article 311, para 1 of the Commerce Act.

(2) (Amended, SG No. 46/2002, SG No. 14/2005, SG No. 59/2007, amended and supplemented, SG No. 12/2009, effective 1.01.2010 - amended, SG No. 32/2009) In respect of the receivables thereof from natural and legal persons, as well as unduly paid and overpaid amounts under schemes and measures fully funded by the state budget, the Fund shall have the option to move for the issuance of an immediate enforcement order according to the procedure established by Article 418 of the Code of Civil Procedure on the basis of an abstract of the books of account of the said Fund. Any such receivables shall be collected by the National Revenue Agency.

(3) (New, SG No. 18/2006, effective 1.01.2007) The Paying Agency shall be obliged to take any actions required for recovering any unduly paid or overpaid amounts under payment schemes and projects, financed from European funds and the state budget, as well as any fines and other monetary sanctions, envisaged on the European Union acquis.

(4) (New, SG No. 96/2006, amended, SG No. 12/2009, effective 1.01.2010 - amended, SG No. 32/2009) The receivables of the Payments Agency arising on the basis of an administrative act shall be public receivables and shall be collected in pursuance of the Tax and Social-Insurance Procedure Code. The receivables of the Payments Agency arising on the basis of a contract shall be private receivables and shall be collected by the National Revenue Agency.

Article 28

(Repealed, SG No. 153/1998)

Article 28a

(New, SG No. 18/2006, effective 1.01.2007)

(1) Support, which the Paying Agency provides, shall be subject to advance, current and posterior control.

(2) Control over the activities of the Paying Agency shall be exercised by:

1. The National Audit Office of the Republic of Bulgaria;
2. the specialized control unit under Article 2c(1) point 2;
3. the certification body;
4. representatives of the European Commission and the European Audit Office.

(3) The Minister of Finance shall exercise financial control over the activities of the Paying Agency.

Article 28b

(New, SG No. 18/2006)

(1) The certification body under Article 2a(2), point 2 shall perform audit of:

1. the truthfulness of financial reports;
2. the control system, established within the Paying Agency.

(2) The certification body shall be determined as an organization, independent from the competent body and the Paying Agency, which:

1. is functioning in accordance with international audit standards and instructions, issued by the European Commission;
2. has accumulated at least 5 years' experience in performance of certification activities.

(3) The specific requirements and the procedure of performance of audit of the truthfulness of financial reports and of the control system, established within the Paying Agency, shall be prescribed by the ordinance under Article 2a(3).

Article 29

(New, SG No. 14/2005)

(1) (Previous Article 29, SG No. 16/2008) The provisions of the Administration Act shall not apply to State Fund Agriculture.

(2) (New, SG No. 16/2008) The Minister of Agriculture and Food shall be the immediate higher-ranking competent administrative body in case of administrative contesting of individual and collective administrative acts issued in pursuance of this Act.

Chapter Three **(New, SG No. 18/2006)** **INTEGRATED ADMINISTRATIVE AND CONTROL** **SYSTEM**

Article 30

(New, SG No. 18/2006)

(1) For the purpose of performance of the functions of the Paying Agency, an Integrated Administrative and Control System shall be established.

(2) The Integrated Administrative and Control System shall comprise the following:

1. registration system for applicants and applications for support;
2. identification system for farm lots;
3. identification and registration system for animals;
4. integrated control system.

(3) The systems under paragraph (2), points 1, 2 and 3, shall be set up and maintained based on registers and graphic information, such as computerized data bases.

(4) The systems under paragraph (2) shall be set up and maintained:

1. under points 1 and 4 - by the Paying Agency;
2. under point 2 - by the Ministry of Agriculture and Food;
3. under point 3 - by the National Animal and Plant Health Service.

(5) The Paying Agency shall pool together data from the systems under paragraph (2), points 1, 2 and 3 in digital form into an integrated information system and establish and maintain

systemic links to outside registers.

(6) The Minister of Agriculture and Food shall determine by ordinance the terms and procedure for setting up, maintenance, access to and usage of the systems under paragraph (2) and the information system under paragraph (5)

Article 31

(New, SG No. 18/2006)

(1) The registration system for applicants and applications for support shall comprise a register of applicants for support and a register of applications for support.

(2) The register of applicants for support shall be set up based on the applications for support and contain data regarding applicants, their farms and activities.

(3) At the time of their original introduction into the register, applicants for support shall be assigned a unique registration number each, under which they would participate in all support schemes and measures under the Common Agricultural Policy. Such registration number shall not be transferable.

(4) The register of applications for support shall contain data on the applications for participation in schemes and measures under the Common Agricultural Policy, submitted by the applicant and of any support made available.

Article 32

(New, SG No. 18/2006)

(1) (Effective 1.01.2007) Applicants for support shall submit to the territorial structures of the Paying Agency applications for support in standard form.

(2) (Effective 1.01.2007) Applicants for support shall obtain from the agriculture municipal services, responsible for the locations of lands, the forms of the applications for support, containing the data available in regard to applicants. Where support would be related to agricultural land, applicants shall also receive, as part of the application, graphic material regarding the locations of lands, used by them.

(3) (Effective 1.01.2007) The agriculture municipal services provide assistance to applicants for support in completing the applications and in identifying the areas, used by them.

(4) (Effective 1.01.2007) The agriculture municipal services shall be obliged to enter the information from any applications, submitted to them, in accordance with the requirements of the system under Article 31(1), to print the application submitted and after its signing by the applicant, to submit it to the respective territorial structure of the Paying Agency.

(5) The Minister of Agriculture and Food shall prescribe by ordinances:

1. terms and procedure for submission of applications;
2. specimen forms for applications and the requirements in regard to individual support schemes and measures under the Common Agricultural Policy of the European Union.

Article 33

(New, SG No. 18/2006)

(1) The system of identification of the agricultural land lots shall be a geographical information system and be created based on orthographic images and digitalization of physical lots and farm lots. The system shall include data from the maps of property restituted and from

the registers, connected to it.

(2) The Minister of Agriculture and Food shall organize the creation and updating of orthographic images and digitalization of physical lots.

(3) The system of identification of the agricultural land lots shall

1. geographical data and identification codes of physical lots and farm lots;
2. the users and manner of permanent usage of farm lots.

Article 34

(New, SG No. 18/2006)

(1) The identification and registration system for animals shall be based on the identification of animals by types, applying the respective markings.

(2) The identification and registration system for animals shall include data on:

1. identification of the farmer, breeding the livestock;
2. numbers of animals by each type, their breeds and ages;
3. identification numbers of livestock by breeds;
4. location and movement of livestock;
5. health status of animals and the animal health measures applied.

Article 35

(New, SG No. 18/2006)

(1) State and municipal bodies, including the customs administration, shall be obliged to provide free of charge and in a timely manner to Paying Agency any information and documents, related to the establishment and maintenance of the integrated information system, including information, constituting official secret within the meaning of the Customs Act .

(2) (Effective 1.01.2007, amended, SG No. 59/2006) State and municipal bodies shall provide upon request to the Paying Agency information regarding the type and amounts of liabilities of applicants for support under the support schemes and measures under the Common Agricultural Policy of the European Union. The Paying Agency shall use information, contained in the central credit register under the procedure of the Credit Institutions Act.

Article 36

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall ensure protection of data, included in the integrated information system.

(2) Individual data, included in the integrated information system, shall be provided to the statistical bodies and may be used only for purposes of statistics under the procedure of the Statistics Act .

(3) State bodies, which maintain information systems, may receive consolidated data from the integrated information system when so provided by law.

(4) The Executive Director of the Paying Agency shall issue Internal Rules for protection of the integrated information system.

Article 37

(New, SG No. 18/2006, effective 1.01.2007)

(1) The integrated control information system shall include administrative verification of the applications for support submitted and on-site inspections.

(2) The Paying Agency shall conduct administrative verification of the applications submitted via the integrated information system, by comparing data from applications to data from registers.

(3) Each year the Paying Agency shall verify at least 5 percent of the applications for support submitted, based on risk analysis.

(4) On-site inspections shall be performed by:

1. inspection of the respective farm;
2. remote monitoring methods.

Article 38

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall inform the Ministry of Agriculture and Food and the European Commission of the functioning Integrated Administrative and Control System in compliance with the rules, incorporated in the European Union acquis.

(2) The Paying Agency shall render assistance to representatives of the European Commission, who conduct control checks of the functioning of the Integrated Administrative and Control System and takes part in them under the rules, incorporated in the European Union acquis.

Chapter Four **(New, SG No. 18/2006)** **APPLICATION OF THE SINGLE AREA PAYMENT** **SCHEME**

Article 39

(New, SG No. 18/2006)

(1) (Effective 1.01.2007) Farmers shall be entitled to receive direct payments for agricultural areas, which they use on the territory of this country, under the Single Area Payment Scheme.

(2) Acting on proposal by the Minister of Agriculture and Food, the Council of Ministers shall approve by its decision the minimum sizes of agricultural areas per farm and of the farm lots, in regard to which direct payments under the Single Area Payment Scheme may be provided.

(3) The Minister of Agriculture and Food shall make the proposal under paragraph (2) following coordination with the European Commission.

Article 40

(New, SG No. 18/2006)

(1) Amounts of single area payments shall be set per hectare, by dividing the financial

package for this country by the agricultural land used in it and kept in good agricultural status, adjusted by applying objective criteria.

(2) The Minister of Agriculture and Food shall approve by order and announce the criteria under paragraph (1) following approval by the European Commission.

(3) (Amended and supplemented, SG No. 85/2009) The agricultural land used under paragraph (1) shall include tillable land, permanent pastures, perennial plantations and family gardens, irrespective of whether used to grow farm produce. The Minister of Agriculture and Food sets by an ordinance common and regional criteria of permanent pastures, admissible for support under the Single Area Payment Scheme.

(4) If the amount of area payments requested and admissible would exceed this country's financial package for the respective year, the figures of single area payments shall be adjusted by a reduction coefficient. The same reduction coefficient shall be applied for area payments for all hectares of agricultural land, applied for and approved for support.

Article 41

(New, SG No. 18/2006, effective 1.01.2007)

(1) Eligible to apply for payments under the Single Area Payment Scheme shall be farmers, who cultivate agricultural land, included into the system of identification of the agricultural land lots.

(2) Applicants for support shall submit applications under Article 32(1) for the respective calendar year.

Article 42

(New, SG No. 18/2006)

The Minister of Agriculture and Food, upon coordination with the European Commission, shall approve by order Conditions for maintaining the land in good agricultural and environmental status and shall publish them in State Gazette.

Article 43

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall make direct payments based on the applications submitted, after establishing that:

1. the applicant does indeed use the agricultural lands applied for;
2. the areas are maintained in good agricultural and environmental status;
3. the sizes of the area, used by the farm and the sizes of farm lots are not below those, determined under the procedure of Article 39(2).

(2) The Paying Agency shall verify the application for support under the Single Area Payment Scheme in accordance with Article 37.

(3) The Paying Agency shall reduce the amount of payment or refuse payment under the Single Area Payment Scheme, where:

1. applicants cultivate areas and/or farm lots of sizes under those determined under the procedure of Article 39(2);
2. it is established that the Conditions for maintaining the land in good agricultural and environmental status had not been complied with;

3. applicants prevent the conduct of on-site inspections;
4. applicants have applied for areas they are not cultivating;
5. (supplemented, SG No. 16/2008) two or more applications have been submitted in regard to one land lot, and the duplication of areas has not been remedied.

(4) The Paying Agency shall reduce or refuse to make payments under paragraph (3) in accordance with the criteria, incorporated in the European Union acquis.

(5) (New, SG No. 13/2007) The executive director of the Paying Agency shall issue a methodology for determination of the amount of the united payment per surface over the municipal plots and pastures on the basis of an animal unit in compliance with the requirements of the scheme of united payment per surface. The rules shall be agreed by the Minister of Agriculture and Food, shall be sent to the mayors of the municipalities for information and shall be published on the Internet site of the Paying Agency.

Article 44

(New, SG No. 18/2006)

(1) The Minister of Agriculture and Food, following coordination with the European Commission, shall propose to the Council of Ministers national premiums schemes. Such national premiums schemes and the amounts of funds under each of them shall be approved by decision of the Council of Ministers.

(2) The Minister of Agriculture and Food shall prescribe by ordinances the special requirements for eligibility to benefit for each national premium scheme.

(3) (Effective 1.01.2007 - SG No. 18/2006, repealed, SG No. 100/2008).

Article 45

(New, SG No. 18/2006)

(1) National premiums shall be financed from the state budget their amounts shall be specified on an annual basis by the National Budget of the Republic of Bulgaria Act for the respective year. National premiums may be supplemented with resources from the European Fund for Rural Development under terms of co-financing from the state budget and in conformity with European Union acquis.

(2) Where the aggregate amount of national premiums, requested and admissible under a certain scheme, would exceed the resources approved for such schemes, the Minister of Agriculture and Food shall adjust the amounts of payments, by a coefficient, same for all applicants.

Article 46

(1) (Effective 1.01.2007, previous Article 46, supplemented, SG No. 100/2008) Applicants for support under national premiums area schemes shall submit applications for the respective calendar year together with the applications under Article 41(2).

(2) (New, SG No. 100/2008) Applicants for support under national premiums non-area schemes shall submit separate applications for the respective calendar year.

Article 47

(New, SG No. 18/2006, effective 1.01.2007)

(1) The Paying Agency shall check compliance with the requirements of national premiums schemes, financed from:

1. European Agricultural Fund for Rural Development under the procedure of Article 37

2. the state budget - under procedure, determined by the Minister of Agriculture and Food and the Minister of Finance.

(2) The Paying Agency shall reduce the amount of payment or refuse payment under national premiums schemes, where:

1. (repealed, SG No. 100/2008);

2. applicants do not conform to the special requirements, determined by the ordinances under Article 44(2);

3. applicants prevent the conduct of on-site inspections;

4. applicants had applied for more areas than were established by the check under paragraph (1);

5. it is established that the Conditions for maintaining the land in good agricultural and environmental status had not been complied with;

6. two or more applications were submitted in regard to one land lot.

Chapter Five **(New, SG No. 18/2006)** **ADMINISTRATIVE PENAL PROVISIONS**

Article 48

(New, SG No. 18/2006)

(1) Any sugar or isoglucose purchaser, which fails to make available to the Fund any information, indicated in Article 10i, shall be punishable by a fine or a property sanction of Leva 1,000

(2) The penalty under paragraph (1) shall also be imposed on sugar or isoglucose purchaser, which fails to ensure access or to render assistance to authorized representatives of the Fund in conducting the inspections under Article 10i(2).

Article 49

(New, SG No. 18/2006)

(1) Any sugar or isoglucose purchaser, which commits a violation of Article 10f(6), shall be punishable by a fine or a property sanction in an amount, equal to the customs duty on imports of sugar/isoglucose, applicable as at the date of commitment of the violation.

(2) The penalty under paragraph (1) shall not apply, if such sugar or isoglucose were destroyed or unfit for human consumption before expiry of the term under Article 10f(6) because of occurrence of specific unforeseen circumstances.

Article 50

(New, SG No. 18/2006)

(1) (Supplemented, SG No. 59/2010) Violations under Articles 48 and 49 shall be ascertained by acts of officials, designated by the Executive Director of the Fund, to whom performance of the checks under Article 10i(2) was assigned.

(2) Penal ordinances shall be issued by the Minister of Agriculture and Food or by an official, authorized by him.

(3) Ascertainment of violations, issue, appeal against and enforcement of penal decrees shall take place under the procedure of the Administrative Violations and Sanctions Act .

Article 51

(New, SG No. 59/2010)

Operators in the field of food processing or purchasing, approved under support schemes for agricultural products in accordance with a Regulation (EC), or in accordance with an Ordinance, issued by virtue of this Act, who fail to fulfil their obligation to process the agricultural products, received in accordance with the procedure under the said scheme, into the products or within the terms set forth in the Regulation or the Ordinance, shall be fined a pecuniary sanction. The said pecuniary sanction shall be in the amount from BGN 100 to 500 per each hectare of agricultural land from which the raw production has been obtained.

(2) Violations under paragraph 1 shall be ascertained by acts of officials, designated by the Minister of Agriculture and Food, and penal decrees shall be issued by the Minister of Agriculture and Food or by an official, authorized by him/her.

(3) Ascertainment of violations, issue, appeal against and enforcement of penal decrees shall take place under the procedure of the Administrative Violations and Sanctions Act.

ADDITIONAL PROVISION

§ 1. In the meaning of this Act:

1. (Supplemented, SG No. 41/2001, amended, SG No. 96/2002) "Agricultural producers" shall mean any natural or legal persons producing non-processed and/or processed crop and/or animal produce and produce of fish and other aquatic organisms intended for sale.

2. "Organic agriculture" shall mean a system for maintaining the natural fertility of soil, biological diversity of species and the ecological balance in the environment.

3. "Regions with poor social and economic characteristics" shall mean regions threatened by depopulation or having low population density, limited opportunities for employment whose accelerated deterioration may threaten the economic viability of a region and its population rate in the long term.

4. (Amended, SG No. 14/2005) "Regions with unfavourable natural conditions" shall mean mountainous regions and other regions with natural limitations and demographic problems.

5. (Supplemented, SG No. 41/2001) "Enterprises from the food industry" shall include all enterprises from the milling, fodder, meat processing, dairy, oils, sugar production, sugar processing, fish producing, fish processing, canning, wine and brewery industries.

6. (New, SG No. 24/2000) The National Development Plan for Agriculture and Rural Areas for the period 2000 - 2006 shall be an autonomous part of the National Economic Development

Plan for the period 2000 - 2006. The National Development Plan for Agriculture and Rural Areas shall be developed following a procedure established by the Council of Ministers and shall contain an analysis of the status of agriculture, forestry, food industry and fisheries for the preceding period, and establish the objectives, priorities and measures for their development.

7. (New, SG No. 96/2002) "Processed produce" shall refer to agricultural produce which, after a technical influence has been exercised on it, continues to be agricultural produce.

8. (New, SG No. 14/2005) "Milk-collection point" shall mean an enterprise within the meaning of the Commerce Act which purchases milk from producers with the purpose of collecting it, refrigerating it and selling it to one or more milk-processing plants.

9. (New, SG No. 14/2005) "Fat content" shall mean the content of fatty substances in the milk expressed as a percentage.

10. (New, SG No. 14/2005, amended, 18/2006) "Natura 2000 areas" shall mean areas, protected under Article 6(1) of the Biological Diversity Act .

11. (New, SG No. 14/2005) "Tariff quota" shall mean the quantity of goods within the meaning of § 1 (18) of the supplementary provisions to the Customs Act.

12. (New, SG No. 14/2005) "Regions with natural limitations and demographic problems" shall mean regions that cover territories with homogenous natural conditions for development of agricultural activities, which are characterised by:

a) low-productivity land which is difficult to cultivate and has limited potential which can be increased only at a great cost; and

b) low or decreasing numbers of the population generating its income mainly through agriculture.

13. (New, SG No. 18/2006, amended, SG No. 36/2008) "Paying Agency" shall mean a specialized accredited structure for receipt of applications, verification of compliance with the conditions and making payments from the European agricultural funds and for application of market measures, including interventions on the markets of agricultural products, in compliance with the rules of European Union *acquis*.

14. (New, SG No. 18/2006) "Competent body" shall mean a state body, empowered to issue accreditation, full or partial, to withdraw the accreditation of the Paying Agency and to designate a certification body.

15. (New, SG No. 18/2006) "Accreditation" shall mean the procedure for recognizing the status of Paying Agency by a national competent body, based on evaluation of the capabilities for administering and accountancy processing of resources from European agricultural funds in compliance with European Union *acquis*.

16. (New, SG No. 18/2006) "Act of accreditation" shall mean the written confirmation that the structure, which is being accredited, conforms to accreditation criteria.

17. (New, SG No. 18/2006) "European agricultural funds" shall mean the European Agricultural Fund and the European Agricultural Fund for Rural Development.

18. (New, SG No. 18/2006) "Applicants for support" shall mean farmers and other natural or legal persons, which are eligible to benefit under support schemes and measures under the Common Agricultural Policy"

19. (New, SG No. 18/2006) "Geographical information system" shall mean a computerized geo-data base, set up for collection, storage, processing and depiction of data.

20. (New, SG No. 18/2006) "Orthographic images" shall mean images of parts of the Earth surface, generated by aerial and/or satellite digital photographing.

21. (New, SG No. 18/2006) "Financial package" shall mean the resources, which are to be made available to this country by the European Agricultural Fund for guaranteeing the single area

payment pursuant to the Treaty between the European Union Member States and the Republic of Bulgaria and Romania on Accession of the Republic of Bulgaria and Romania to the European Union.

22. (New, SG No. 18/2006, amended, SG No. 85/2009) "Permanent pasture" shall mean land, used for growing grass or other grass fodder crops in a natural way (self-planting) or via cultivation (planting), which has not been included in the sowing turnover in the course of 5 or more years, except for the lands left lie fallow in compliance with Art. 22, 23 and 24 of Regulation (EC) No 1257/1999 of the Council from 17 May 1999 regarding rural areas development support by the European Agricultural Guidance&Guarantee Fund (FEOGA) and amendment and revocation of some regulations, and lands left lie fallow in compliance with Art. 39 of Regulation (EC) No 1698/2005 of the Council from 20 September 2005 regarding rural areas development support by the European Agricultural Fund for Rural Development (EAFRD). Grass and other grass fodder crops shall be all grass plants traditionally growing on natural pastures or commonly being included as a part of seed mixtures for pastures or meadows, irrespective of their use as animal feed.

23. (New, SG No. 18/2006) "Farmer" shall mean a natural or legal person, which engages in agricultural activity and the farm of which is located on the territory of this country.

24. (New, SG No. 18/2006) "Farm" shall mean all production units, managed by the farmer and located on the territory of this country.

25. (New, SG No. 18/2006) "Agricultural activity" shall mean production of agricultural produce, including harvesting, production of milk and livestock rearing and breeding for agricultural purposes and/or maintaining the land in good agricultural and environmental status.

26. (New, SG No. 18/2006) "Physical lot" shall mean a continuous area of land, delimited by permanent topographic elements.

27. (New, SG No. 18/2006) "Farm lot" shall mean a physical lot or a part thereof, registered in the identification system for farm lots, having a unique identification and cultivated by one farmer.

28. (New, SG No. 18/2006) "International audit standards" shall mean International standards of professional practice in internal audit of the Institute of Internal Auditors (IIA, Inc.)

29. (New, SG No. 18/2006) "Code of Ethics of Internal Auditors" shall mean a code of the Institute of Internal Auditors (IIA, Inc.) which includes principles, applicable in the internal audit profession and practice and the rules of conduct, to which internal auditors must adhere.

30. (New, SG No. 18/2006) "Family gardens" shall mean agricultural areas, planted by different crops and the produce obtained from them is used mainly for own consumption in any farmer's household.

31. (New, SG No. 18/2006) "Agricultural lot" shall mean a lot of a farm or a part thereof, upon which only one agricultural crop is cultivated or which had been left to lie fallow in the current business year.

32. (New, SG No. 18/2006) "Basic quantity for production of sugar" shall mean the aggregate sugar quantity, expressed as tons of white sugar equivalent, which may be produced from sugar beet in the course of one business year.

33. (New, SG No. 18/2006) "Basic quantity for production of isoglucose" shall mean the aggregate isoglucose quantity, expressed as tons of dry substance equivalent, which may be produced from sugar beet in the course of one business year.

34. (New, SG No. 18/2006) "Sugar" shall mean a product, manufactured from sugar beet or sugar cane. In the form of white, raw sugar or molasses, obtained prior to completing the manufacture of white sugar or which represents an end-product.

35. (New, SG No. 18/2006) "White sugar" shall denote sugar, not containing flavoring or coloring additives and other substances, containing at least 99.5 percent of sucrose in the dry substance, determined by applying the polarimetric approach.

36. (New, SG No. 18/2006) "Isoglucose" shall mean a product, manufactured from glucose or its polymers, containing at least 10 percent of fructose in the dry substance mass.

37. (New, SG No. 18/2006) "Producer of sugar from sugar beet" shall mean a person, having the technical capabilities for production of sugar from sugar beet within one or more enterprises, including equipment required to perform the following basic technological processes:

- a) unloading, polishing and washing of beet;
- b) extraction of raw juices;
- c) purification of raw juices;
- d) concentration of raw juices;
- e) boiling, crystallization and centrifuge processing of heavy juice from molasses.

38. (New, SG No. 18/2006) "Producer of isoglucose" shall mean a person, having the equipment for isometric change of glucose or its polymers.

39. (New, SG No. 18/2006) "Business year" shall mean the period from 1

October of any calendar year until 30 September of the next following calendar year.

40. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

41. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

42. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

43. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

44. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

45. (New, SG No. 18/2006, repealed, SG No. 96/2006) .

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 2. This Act shall repeal the Protection of Agricultural Producers Act (promulgated, SG, No. 57 of 1995; corrected, No. 67 of 1995; amended, No. 110 of 1996, Nos. 115 and 123 of 1997).

§ 3. (1) It shall terminate the Agriculture State Fund established pursuant to Article 9, para 1 of the Protection of Agricultural Producers Act.

(2) The Agriculture State Fund established pursuant to Article 11, para 1 of this Act shall assume the assets and liabilities of the terminated Fund.

§ 4. The Minister of Agriculture and Food shall issue regulations on the application of Article 6, Article 7, para 1, Article 9 and Article 10, para 3.

§ 5. The Minister of Agriculture and Food shall determine the regions under section 1, items 3 and 4 in a regulation.

§ 6. (Amended, SG No. 85/2009) The enforcement of this Act shall be assigned to the Minister of Agriculture and Food who shall give instructions on its implementation.

ACT ON THE AMENDMENT AND SUPPLEMENT
TO THE AGRICULTURAL PRODUCERS SUPPORT ACT
Promulgated, State Gazette No. 24/24.03.2000
CONCLUDING PROVISIONS

§ 6. Throughout the Act the phrases "the Ministry of Agriculture, Forestry and Agrarian Reform" and "the Minister of Agriculture, Forestry and Agrarian Reform" shall be replaced respectively by "the Ministry of Agriculture and Forestry" and "the Minister of Agriculture and Forestry", while the words "the Minister of Trade and Tourism" shall be replaced by "the Minister of Economy".

ACT ON THE AMENDMENT AND SUPPLEMENT
TO THE AGRICULTURAL PRODUCERS SUPPORT ACT
Promulgated, State Gazette No. 96/11.10.2002
CONCLUDING PROVISION

§ 23. The Minister of Agriculture and Forestry and the Minister of Regional Development and Public Works shall issue the regulation referred to in Article 12, Paragraph 3 within three months following the entry into force of this Act.

ACT ON THE AMENDMENT AND SUPPLEMENT
TO THE AGRICULTURAL PRODUCERS SUPPORT ACT
Promulgated, State Gazette No. 14/11.02.2005
CONCLUDING PROVISION

§ 22. Section 8, regarding Articles 10b - 10e, shall become effective as of 1 July 2005.

TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act Amending and Supplementing
the Agricultural Producers Support Act
(SG No. 18/2006, amended, SG No. 96/2006, effective 1.01.2007,
SG No. 16/2008)

§ 29. Throughout this Act "regions with environmental restrictions" shall be replaced by "Natura 2000 areas".

§ 30. Allocation of individual milk quotas for the 1 April 2006 to 31 March 2007 quota period shall be performed by the Minister of Agriculture and Forestry based on data, referred to in Article 7a(1) and the annual declarations referred to in Article 7d(1).

§ 31. Applications under Article 7g(2) for the 1 April 2006 to 31 March 2007 quota period shall be submitted until 31 March 2006.

§ 32. (Amended, SG No. 96/2006) The provisions of Articles 2b(2), 2c(1) and (4), 3a, 11a, 17a, 20a(2), 26a, 26b, 27(3), 28a, 32(1)-(4), 35(2), 36, 37, 38, 39(1), 41, 43, 44(3), 46 and 47 shall enter into effect on 01 January 2007.

§ 33. The provisions of Article 10g(2) and (3) shall apply for determining the sugar and isoglucose production quotas for business year 2006/2007.

§ 34. SAPARD Agency shall be a functional unit of the Paying Agency.

§ 35. (Amended, SG No. 16/2008) (1) The Minister of Agriculture and Food Supply shall issue ordinances on the implementation of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001, and of Commission Regulation No 796/2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers.

(2) The Council of Ministers shall, as proposed by the Minister of Agriculture and Food Supply, approve the ordinances referred to in paragraph (1), where the implementation of the Regulations referred to in paragraph (1) also relates to activities in other branches.

(3) The Minister of Agriculture and Food Supply shall issue ordinances on the implementation of the Rural Development Programme for the 2007 - 2013 period.

TRANSITIONAL AND FINAL PROVISIONS
of the Administrative Procedure Code
(SG, No. 30/2006, effective 12.07.2006)

§ 103. Everywhere in the Agricultural Producers Support Act (Promulgated, State Gazette No. 58/1998, amended and supplemented, SG No. 79/1998, amended, SG No. 153/1998, SG No. 12/1999, supplemented, SG No. 26/1999, amended and supplemented, SG No. 86/1999, amended, SG 113/1999, amended and supplemented, SG No. 24/2000, SG No. 34/2001, supplemented, SG No. 41/2001, amended, SG No. 46/2002, amended and supplemented, SG No. 96/2002, supplemented, SG No. 18/2004, amended and supplemented, SG No. 14/2005, amended, SG No. 105/2005, amended and supplemented, SG No. 18/2006, amended, SG No. 30/2006) the words "the Administrative Procedure Act" shall be replaced by "the Administrative Procedure Code".

TRANSITIONAL AND FINAL PROVISIONS
to the Act for Amendment and Supplement
the Grain Storage and Grain Trade Act
(SG No. 16/2008)

§ 27. Agricultural Producers Support Act (Promulgated, SG, No. 58/1998; amended, No. 79 and 153/1998, No. 12, 26, 86 and 113/1999, No. 24/2000, No. 34 and 41/2001, No. 46 and 96/2002, No. 18/2004, No. 14 and 105/2005, No. 18, 30, 34, 59, 80, 96 and 108/2006, No. 13, 53 and 59/2007) shall be made the following amendments:

4. Everywhere in the Act the words "the Ministry of Agriculture and Forestry" and "minister of agriculture and forestry" shall be replaced by "the Ministry of Agriculture and Food Supply" and "the minister of agriculture and food supply"

TRANSITIONAL AND FINAL PROVISIONS
to the Act for Amendment and Supplement
Fisheries and Aquaculture Act
(SG, No. 36/2008)

§ 55. Agricultural Producers Support Act (Promulgated, SG, No. 58/1998; amended, No. 79 and 153/1998, No. 12, 26, 86 and 113/1999, No. 24/2000, No. 34 and 41/2001, No. 46 and 96/2002, No. 18/2004, No. 14 and 105/2005, No. 18, 30, 34, 59, 80, 96 and 108/2006, No. 13, 53 and 59/2007, amended and supplemented SG No. 16/2008) shall be made the following amendments:

4. Everywhere in the Act the words "and Common Fisheries Policy" shall be deleted.

TRANSITIONAL AND FINAL PROVISIONS
to the Act for Amendment and Supplement
Forestry Act
(SG, No. 43/2008)

§ 88. In the Agricultural Producers Support Act (Promulgated, SG, No. 58/1998; amended, No. 79 and 153/1998, No. 12, 26, 86 and 113/1999, No. 24/2000, No. 34 and 41/2001, No. 46 and 96/2002, No. 18/2004, No. 14 and 105/2005, No. 18, 30, 34, 59, 80, 96 and 108/2006, No. 13, 53 and 59/2007, amended and supplemented, SG No. 16/2008, amended, SG No. 36/2008), everywhere the words "of agriculture and forestry" and "Agriculture and forestry" shall be replaced by "of agriculture" and "Agriculture".

ADDITIONAL PROVISION
to the Act for Amendment and Supplement
the Agricultural Producers Support Act
(SG No. 85/2009)

§ 6. Elsewhere in the Act the words "food supply" shall be replaced by "food".