

LAW

ON AGRICULTURE AND RURAL DEVELOPMENT

I BASIC PROVISIONS

Contents of the Law

Article 1

This Law shall govern the following: objectives of agricultural policy and manner of achieving thereof, types of incentives in agriculture, conditions for exercising rights to incentives, incentive beneficiaries, Register of Agricultural Households, record keeping and reporting in agriculture, integrated agricultural information system, supervision over implementation of this Law.

This Law shall establish Administration for Agricultural Payments, as an administration authority within the ministry in charge of agriculture (hereinafter: the Ministry), and shall govern its competences.

The manner of establishment, structure, i.e. organization of the Administration for Agricultural Payments shall be governed by an act of the minister in charge of agriculture (hereinafter: the Minister).

Meaning of the Terms

Article 2

Terms used in this Law shall have the following meanings:

1) *Agriculture* shall mean an economic activity that includes the activities classified as agriculture pursuant to the law;

2) *Agricultural production* shall mean a process of producing plant and animal products, breeding of fish, bees, and/or other forms of agricultural production (breeding of mushrooms, snails, production in glass or plastic greenhouses, breeding of spices and medicinal herbs etc.), which is conducted on agricultural land, as well as on other land or construction unit located in the territory of the Republic of Serbia;

3) *Agricultural products* shall mean primary products and products of first-degree processing originated in agricultural production;

4) *Agricultural household* shall mean a production unit on which a company, agricultural cooperative, institution or other legal person, entrepreneur or farmer conducts agricultural production;

5) *Family agricultural household* shall mean agricultural household on which natural person – farmer, together with members of his household, conducts agricultural production;

6) *Holder of the family agricultural household* shall mean a natural person - farmer or entrepreneur that conducts agricultural production and that is entered in the Register of Agricultural Households as holder of the family agricultural household;

7) *Member of the family agricultural household* shall mean an adult member of the same household, which permanently or occasionally works in the household, and which is entered in the Register of Agricultural Households as member of the family agricultural household, based on the statement that he/she is a member of the family agricultural household, and/or a minor member of the same household based on a statement of parents and/or custodian;

8) *Farmer* shall mean holder or member of the family agricultural household that engages solely in agricultural production;

9) *Incentives* shall mean funds provided from the Budget of the Republic of Serbia, as well as funds from other sources that are allocated to agricultural households and other persons in accordance with this Law, for the purpose of achieving objectives of agricultural policy;

10) *Agricultural land* shall mean fields, gardens, orchards, vineyards, meadows, pastures, fish ponds, reed plains and swamps, as well as other land (sinkholes, empty river beds, land populated with short bushes etc.), which, according to its natural and economic conditions, may be rationally used for agricultural production.

II AGRICULTURAL POLICY AND AGRICULTURAL DEVELOPMENT PLANNING

Agricultural Policy and Rural Development Policy

Article 3

Agricultural policy and rural development policy of the Republic of Serbia shall include measures and activities undertaken by competent authorities with the objectives of:

- 1) Strengthening competitiveness of agricultural products on the market;
- 2) Providing high-quality and safe food;
- 3) Providing support to the living standard of farmers that cannot, through their own production, ensure economic survival on the market;
- 4) Providing support to rural development;
- 5) Protecting the environment from adverse effects of agricultural production.

Agricultural policy and rural development policy of the Republic of Serbia shall be implemented through realization of the Agricultural and Rural Development Strategy of the Republic of Serbia, National Agricultural Program and National Rural Development Program.

Agricultural and Rural Development Strategy of the Republic of Serbia

Article 4

Agricultural and Rural Development Strategy of the Republic of Serbia shall define long-term courses of agricultural development, in particular: establishment of market economy, increase of agricultural profitability in the Republic of Serbia and care for development of rural areas.

Agricultural and Rural Development Strategy of the Republic of Serbia (hereinafter: the Strategy) shall be harmonized with strategic documents of the Republic of Serbia.

The Strategy shall be adopted by the Government, upon proposal of the Ministry, for the period of at least 10 years.

The Ministry shall monitor realization of the Strategy and propose its harmonization with the real needs in the area of agriculture and rural development.

The Strategy shall be published in the "Official Gazette of the Republic of Serbia".

National Agricultural Program

Article 5

National Agricultural Program (hereinafter: the National Program) shall define medium and short term objectives of agricultural policy, manner, order and deadlines for achieving abovementioned objectives, expected results, as well as form, type, purpose and volume of certain incentives.

The National Program shall be adopted by the Government, upon proposal of the Ministry, for the period which may not exceed seven years.

The National Program shall be published in the "Official Gazette of the Republic of Serbia".

National Rural Development Program

Article 6

National Rural Development Program shall contain measures and other activities, as well as expected results, forms, types, purposes and volume of certain incentive measures.

The National Rural Development Program shall be adopted by the Government, upon proposal of the Ministry, for the period which may not exceed seven years.

The National Rural Development Program shall be published in the "Official Gazette of the Republic of Serbia".

Department of the Ministry in charge of rural development shall be responsible for monitoring the National Rural Development Program.

Article 7

Department of the Ministry in charge of rural development shall be responsible for activities related to preparation and amendment of the Rural Development Program, as well as for activities related to programming, evaluation, monitoring of program realization, reporting, coordination and implementation of measures of technical assistance to rural development, in compliance with the EU requirements.

Manner and procedure for execution of activities and tasks referred to in paragraph 1 of this Article, as well as establishment of necessary working bodies in accordance with the EU requirements, shall be governed by separate bylaws.

III ADMINISTRATION FOR AGRICULTURAL PAYMENTS

Article 8

Administration for Agricultural Payments shall be established, as an administration authority within the Ministry.

Administration for Agricultural Payments (hereinafter: the Administration) shall perform the following activities:

- 1) Select procedures, in accordance with criteria, mechanisms and rules defined in regulations for allocation of incentives;
- 2) Call public competition for allocation of incentives;
- 3) Call public invitation for submitting applications for exercising right to incentives, along with conditions for using right to incentives;
- 4) Verify fulfillment of conditions for approval and payment of funds upon request for exercising rights to incentives, in accordance with regulations and conditions of the public competition and, where necessary, in accordance with public procurements rules;
- 5) Prepare contract on use of incentives between the Administration and incentive funds beneficiary;
- 6) Decide on the right to incentives;
- 7) Make payments on the basis of exercised right to incentives and refund in the case beneficiary fails to meet the contractual obligations;
- 8) Conduct administrative control and on-site control of fulfillment of contractual obligations, and determine if activities have been conducted and services rendered in compliance with the concluded contract;
- 9) Establish and keep accounting records of contractual obligations and payments;
- 10) Implement international incentive programs of agricultural policy in the Republic of Serbia;
- 11) Keep the Register of Agricultural Households;
- 12) Conduct an independent internal audit;
- 13) Submit reports and analyses to the Minister;
- 14) Perform other activities, in accordance with this Law.

IV INCENTIVES

Types of Incentives

Article 9

Types of incentives shall be the following:

- 1) Direct incentives;
- 2) Market incentives;
- 3) Structural incentives.

Types of incentives referred to in paragraph 1 of this Article may be specified under different conditions and in different amounts, depending if the areas in question are areas with difficult working conditions in agriculture.

Areas with difficult working conditions in agriculture shall be areas where due to natural, social or legal limitations there are no conditions for intensive development of agricultural production.

The Minister shall define areas referred to in paragraph 3 of this Article for the period of three years.

Forms of Direct Incentives

Article 10

Direct incentives shall include:

- 1) Premiums;
- 2) Production incentives;
- 3) Recourses;
- 4) Support to non-commercial agricultural households.

Premiums shall mean monetary sums paid to agricultural producers for delivered agricultural products.

Production incentives shall mean monetary sums paid per unit of measurement for crops planted, and/or livestock of appropriate type (horse, cattle, sheep, swine, poultry, bee-hive etc.).

Recourses shall mean monetary sums paid in certain percentage for purchased quantity of inputs necessary for agricultural production (fuel, fertilizer, insurance premiums for crops, fruits and animals, storage costs etc.).

Support to non-commercial agricultural households shall mean a monetary sum intended for farmers which derive entire income from agricultural production, and which are entered in the Register of Agricultural Households as non-commercial agricultural households.

Forms of Market Incentives

Article 11

Market incentives shall include:

- 1) Export incentives;
- 2) Storage costs;
- 3) Credit support.

Export incentives shall be realized by means of refund of the prescribed percentage of the value of exported goods.

Storage costs shall mean monetary sums paid to agricultural producers for storage of agricultural products for the purpose of preventing market distortions.

Credit support shall mean type of incentives by which agricultural and food production are enhanced.

Forms of Structural Incentives

Article 12

Structural incentives shall include support to programs related to:

- 1) Rural development measures;
- 2) Improved protection and quality of agricultural land;
- 3) Measures of institutional support.

Rural development measures shall be the type of incentives which support improvement of competitiveness in agriculture and forestry (investment in agriculture and forestry and introduction of new standards in production and circulation of

agricultural products), improvement of environmental protection programs, preservation of biodiversity and program for rural economy diversification and upgrading of life quality in rural areas.

Measures for improvement of protection and quality of agricultural land shall mean the type of incentives which improve physical, chemical and biological features of the land (increase of clay and sand in the land, decrease of acid percentage, decrease of alkaline feature, land melioration with fertilizers etc.). Incentives aimed at land protection shall be counter-erosive measures and measures of control and testing of land, land consolidation, melioration, recultivation and other measures for land protection.

Measures of institutional support shall mean the type of incentives for supporting research programs in agriculture, programs of counseling services, agriculture promotion, agriculture market information system of the Republic of Serbia, as well as other programs.

Under the conditions specified in this Law, structural incentives may be directed to certain group of beneficiaries, such as farmers that predominantly produce for the market, cooperatives, local self-government units, associations and other beneficiaries engaged in agricultural production, processing and sale of agricultural and food products.

Manner of Determining Purpose and Allocation of Incentives

Article 13

For each budget year, the Government shall prescribe types and forms of incentives, volume, conditions and manner for exercising rights to certain types and forms of incentives, and shall determine incentive beneficiaries, in accordance with this Law, law governing budget of the Republic of Serbia, National Program and National Rural Development Program.

Support for Implementation of Agricultural Policy in Autonomous Province and Local Self-Government Unit

Article 14

Authorities of autonomous province and local self-government unit may determine support measures for implementation of agricultural policy for the territory of autonomous province and local self-government unit.

Authorities referred to in paragraph 1 of this Article may establish legal persons in order to provide support for implementation of agricultural policy.

Funds for implementation of agricultural policy referred to in paragraph 1 of this Article shall be used in accordance with the support program for implementation of agricultural policy that is adopted by the competent authority of autonomous province, and/or competent authority of local self-government unit, with prior consent of the Ministry.

Funds for implementation of agricultural policy referred to in paragraphs 1 and 2 of this Article shall be provided from the budget of autonomous province and local self-government unit.

Support for implementation of agricultural policy in autonomous province and local self-government units may not be contrary to the National Program and National Rural Development Program.

V USE OF INCENTIVES

Right to Incentives

Article 15

Under the conditions specified in this Law, right to incentives shall be given to agricultural households and family agricultural households that are entered in the Register of Agricultural Households, local self-government units, as well as other persons and organizations (hereinafter: incentive beneficiaries).

Family Agricultural Household

Article 16

Family agricultural household shall be the basic form of organization of agricultural production.

Depending on its economic strength, family agricultural household may be:

- 1) Commercial family agricultural household;
- 2) Non-commercial family agricultural household.

Commercial family agricultural household shall mean agricultural household which is market oriented and which can, subject to conditions specified in this Law, exercise the right to incentives referred to in Article 9, paragraph 1 of this Law.

Non-commercial family agricultural household shall mean agricultural household which is not market oriented, and whose holder is beneficiary of the pension realized on the grounds of agricultural production.

Feature of non-commercial family agricultural household shall be determined on registration or renewal of registration in the Register of Agricultural Households.

Non-commercial family agricultural household may, subject to conditions specified in this Law, exercise the right to incentives referred to in Article 10, paragraph 1, item 4 of this Law.

The act referred to in Article 13 of this Law may also prescribe other types of incentives to be exercised by non-commercial family agricultural households, in accordance with this Law, National Program and National Rural Development Program.

Procedure for Exercising Right to Incentives

Article 17

Procedure for exercising right to incentives shall be initiated upon request of the incentive beneficiary, which is submitted to the Administration.

Procedure referred to in paragraph 1 of this Article shall also be initiated in other manner (public competition, request filed to the bank for approval of credit support), if such is prescribed in the act referred to in Article 13 of this Law.

Director of the Administration shall issue a decision on exercising the right to incentives in the procedure referred to in paragraphs 1 and 2 of this Article.

Decision referred to in paragraph 3 of this Article may contain electronic signature, in accordance with the law governing electronic signature.

An appeal may be filed against a decision referred to in paragraph 3 of this Article to the Minister, within 15 days from the day of submitting the decision.

Provisions of the law governing administrative procedure shall apply to the procedure of exercising right to incentives, unless otherwise specified by this Law.

Obligations of Incentive Beneficiaries

Article 18

Incentive beneficiaries shall be obliged to use the incentive funds for the designated purpose.

Incentive beneficiary shall be obliged to observe regulations governing environmental quality standards, public health protection, animal and plant health protection, protection of animal welfare and protection of agricultural land.

Incentive beneficiary shall be obliged to return funds it received based on inaccurately disclosed data or that it has used for purpose other than designated purpose, increased by the amount of default interest, not later than 30 days following the day the decision of the Director of Administration, which determines obligation of the beneficiary to return funds, came into effect.

If incentive beneficiary by an unintentional action and/or omission fails to act in accordance with paragraph 2 of this Article during a calendar year, Director of the Administration shall issue a decision on decrease of the amount of overall incentives allocated in the calendar year in the percentage proportional to the level of responsibility.

If incentive beneficiary by an intentional action and/or omission fails to act in accordance with paragraph 2 of this Article during a calendar year, Director of the Administration shall issue a decision on decrease of the amount of overall incentives allocated in the calendar year in the amount not less than 20%, and/or a decision on limitation of rights to use one or more types of incentives, for one or more calendar years.

Director of the Administration shall issue a decision referred to in paragraphs 3, 4 and 5 of this Article based on the minutes prepared by agricultural inspector and reports of other competent authorities.

Incentive beneficiaries shall be obliged to keep documentation related to exercising of rights to incentives for at least five years from the day of collection thereof.

The Administration shall keep records on incentive beneficiaries.

VI REGISTER OF AGRICULTURAL HOUSEHOLDS

Manner of Keeping the Register of Agricultural Households

Article 19

For the purpose of implementation and monitoring of agricultural policy, keeping record of agricultural households and family agricultural households, as well as for the purpose of conducting analytics and statistics for the needs of the Ministry, the Administration shall keep the Register of Agricultural Households (hereinafter: the Register).

Subjects of the Entry

Article 20

Companies, agricultural cooperatives, other legal persons such as institutions, schools, monasteries, churches and other organizations, entrepreneurs and farmers, which conduct agricultural production, shall be entered in the Register.

Farmer may be entered in the Register as a holder or member of only one family agricultural household.

Manner of Entry in the Register

Article 21

Persons referred to in Article 20, paragraph 1 of this Law shall be entered in the Register as users of agricultural land based on property rights, based on decision on land consolidation, as well as based on contract on lease or ceding agricultural land for the purpose of its use.

Entry of Persons in the Register

Article 22

Persons referred to in Article 20, paragraph 1 of this Law shall be entered in the Register, and when a farmer is subject of the entry, members of the agricultural household may also be entered in the Register.

Determining Headquarters of Subjects of the Entry

Article 23

Permanent residence of the holder of a family agricultural household or headquarters of the legal person or entrepreneur, regardless of the location where agricultural production or activity is conducted, shall be entered in the Register as headquarters of the subject of the entry.

Activities of Keeping the Register

Article 24

Activities of keeping the Register shall include:

- 1) Receipt of requests of agricultural households for entry, renewal of registration and change of data in the Register;
- 2) Entry, renewal of registration and change of data of agricultural households in the Register;
- 3) Issuing a receipt on entry of agricultural households in the Register, and/or on active or passive status in the Register;
- 4) Entry of passive status of agricultural household in the Register;
- 5) Deletion of agricultural household from the Register, upon request of the holder of household or pursuant to official capacity;
- 6) Establishment and permanent storage of agricultural household files;
- 7) Acquisition of data from other authorities and organizations;
- 8) Other activities, in accordance with this Law.

Contents of the Register

Article 25

The data on the following shall be entered in the Register:

- 1) Holder of family agricultural household;
- 2) Members of family agricultural household;
- 3) Legal person and entrepreneur that conduct agricultural production;
- 4) Basis for using agricultural land, and/or other land or construction unit wherein agricultural production is performed;
- 5) Cadastral units wherein agricultural production is performed;
- 6) Types of agricultural plants and areas under agricultural plants;
- 7) Types and number of livestock (number of cattle heads, and/or beehives);
- 8) Special purpose account of agricultural households, and/or holder of family agricultural household, to which funds gained from state incentives are transferred;
- 9) Realized premiums, subsidies, recourses and other types of incentives for agricultural production, paid out to the agricultural household;
- 10) Use of loans for enhancing development of agricultural production, granted to agricultural household and deadlines for repayment thereof;
- 11) Other facts.

Procedure of Entry in the Register

Article 26

Entry of agricultural household in the Register shall be conducted upon request of the persons referred to in Article 20, paragraph 1 of this Law.

Request referred to in paragraph 1 of this Article shall be submitted to the regional branch of the Administration according to the headquarters of the legal person, and/or entrepreneur, and/or permanent residence of a farmer, that is the holder of the family agricultural household.

Person that submits request for entry in the Register based on the ownership of household land, which is at disposal of another person based on lease contract, and/or based on granting usage rights on land, may not be entered in the Register with that part of the land, during effective period of the lease contract, and/or contract on granting usage rights on land.

On entry in the Register, agricultural household shall be assigned a number of agricultural household (hereinafter: NAH).

Director of the Administration shall issue a decision on entry of agricultural household, and/or family agricultural household in the Register.

An appeal may be lodged against a decision referred to in paragraph 5 of this Article within 15 days from the day of submitting the decision.

Family agricultural household that is entered in the Register may renew the registration in the Register each year.

The Minister shall prescribe form of the request referred to in paragraph 1 of this Article, form of the request for entry renewal, forms of enclosures and documentation that is submitted with the request, manner and conditions of entry and keeping the Register, conditions and manner for renewal of registration in the Register, as well as manner of keeping data entered in the Register.

Excerpt from the Register

Article 27

Administration shall issue an excerpt from the Register, whereby agricultural households demonstrate status of the registered agricultural household and data entered in the Register to third parties.

Submitting Data and Changes in the Register

Article 28

For the purpose of exercising rights to incentives for each year, agricultural households and family agricultural households entered in the Register shall submit to the Administration data pertaining to entry in the Register, and/or renewal of registration in the Register, as well as any change of data within 30 days from the day of occurrence of change, with regard to the following:

- 1) Status of the legal person, status of entrepreneur, authorized person in the legal person that is entered in the Register, holder of family agricultural household;
- 2) Number of members of family agricultural household;
- 3) Headquarters of the legal person and entrepreneur, and/or permanent residence of the holder of family agricultural household;
- 4) Number of special purpose account, and/or commercial bank wherein the account is opened;
- 5) Business activity stated in the Agency for Business Registers.

Status in the Register

Article 29

Agricultural household shall be recorded in the Register in active or passive status.

If agricultural household has passive status, it may not exercise right to incentives specified by this Law.

Minister shall prescribe conditions for passive status of agricultural household.

Deletion from the Register

Article 30

Agricultural household shall be deleted from the Register:

- 1) Upon request of the person referred to in Article 20, paragraph 1 of this Law;
- 2) Upon cessation of agricultural activities;

3) Upon expiration of six years of passive status in the Register.

A decision on deletion from the Register shall be adopted by the Director of the Administration.

Against a decision referred to in paragraph 2 of this Article, an appeal may be lodged to the Minister, through the Administration.

A decision of the Minister shall be final in the administrative procedure.

Agrarian Council

Article 31

For the purpose of monitoring development and implementation of Agricultural and Rural Development Strategy and National Program, as well as for the purpose of giving opinions on drafts and proposals of regulations and international agreements in the area of agriculture, the Government shall establish Agrarian Council (hereinafter: the Council), from the representatives of agricultural households and family agricultural households, associations of agricultural producers and other participants in the agricultural production chain.

VII RECORD KEEPING AND REPORTING IN AGRICULTURE AND INTEGRATED AGRICULTURAL INFORMATION SYSTEM

Record Keeping

Article 32

The Ministry shall keep records on the following:

- 1) Long-term plants (orchards, vineyards, lemon balms etc.);
- 2) Vegetable producers;
- 3) Animal numeration;
- 4) Realized types and forms of incentives, paid to agricultural household, and/or family agricultural household;
- 5) Use of loans as support to agricultural production, approved to an agricultural household, and/or family agricultural household and deadlines for repayment thereof;
- 6) Incentives beneficiaries;
- 7) Use of agricultural land;
- 8) Areas with difficult work conditions for agricultural activities;
- 9) Producers of organic products, processors of organic products, persons that engage in internal, and/or foreign trade in organic products, as well as persons involved in organic production.

In addition to records referred to in paragraph 1 of this Article, the Ministry shall also keep other records and data bases, if such is prescribed by law or other regulation.

Keeping of records and data bases referred to in paragraphs 1 and 2 of this Article, as well as linkage thereof, shall be conducted via NAH, which shall be mandatory for all such records.

Agricultural Bookkeeping Information System

Article 33

The Ministry shall keep agricultural bookkeeping information system for the purpose of monitoring the level of income and costs of registered agricultural households and family agricultural households, assessing efficiency of agricultural production and analyzing measures of agricultural policy, applying random sampling method.

The Minister shall prescribe the type, scope and manner of collecting bookkeeping information.

Activities related to keeping agricultural bookkeeping information may be conducted by an expert designated by the Ministry, in accordance with the law.

Integrated Agricultural Information System

Article 34

For the purpose of collecting and using data, information and prescribed records from the scope of work of state administration authorities, autonomous province authorities, authorities of local self-government unit, institutions and other organizations, of relevance for agriculture, collecting and processing data and information for the purpose of reporting on agriculture, exchange of data and information with competent institutions and services in the agricultural sector of other countries and international organizations, and in order to monitor, plan and carry out agricultural policy, integrated agricultural information system shall be organized and developed in the Republic of Serbia.

The Minister shall prescribe program of work, development and organization of the integrated agricultural information system, as well as the content of information referred to in paragraph 1 of this Article.

VIII SUPERVISION

Supervision

Article 35

Supervision of implementation of this Law shall be conducted by the Ministry.

The Ministry shall conduct inspection supervision activities through agricultural inspector.

Agricultural Inspector

Article 36

Activities of agricultural inspector may be conducted by an agricultural engineer and technology engineer with university degree, department of foodstuff, with completed state professional examination, and with no less than three years of work experience in the area of expertise.

Rights and Duties of Agricultural Inspector

Article 37

When conducting inspection supervision activities, agricultural inspector shall have the right and duty to:

- 1) Inspect agricultural land, plants, livestock, business and production premises, facilities, devices, goods and business documents of natural and legal persons engaged in agricultural production and processing of agricultural products of plant origin;
- 2) Inspect documents based on which incentive beneficiaries have exercised right to incentives as ordered by the Administration;
- 3) Verify fulfillment of conditions for exercising right to incentives of persons that have filed request or in any other manner initiated procedure for exercising the right to incentives, as well as of persons that exercised the right to incentives as ordered by the Administration;
- 4) Undertake other measures and actions, in accordance with law.

Competences of Agricultural Inspector

Article 38

When conducting activities referred to in Article 37 of this Law, agricultural inspector shall be authorized to:

- 1) Issue a decision ordering execution of measures and actions, with specification of the deadline;
- 2) Submit application to the competent authority for the committed criminal or commercial offence, and submit request for initiation of the misdemeanor proceedings;
- 3) Instruct security measure, in case of threat to human life and health or other public interests;
- 4) Inform other authority, if there are reasons for undertaking measures for which such authority is competent;
- 5) Initiate with authorized institution the suspension of the execution, and/or cancellation or abolishment of regulations or any other general act of authority or organization that conducts state administration activities, and/or suspension of the execution of general act of a company, institution or other organization if they are not in compliance with the Constitution or the law;
- 6) Initiate with Administration the keeping of agricultural household in passive status;
- 7) Undertake other measures and actions, in accordance with law.

Against a decision of the agricultural inspector referred to in paragraph 1 of this Article, an appeal may be lodged with the Minister within 8 days from the day of its issuance.

The decision referred to in paragraph 2 of this Article shall be final in the administrative procedure.

Obligations of Persons Whose Operations Are Subject to Supervision

Article 39

Legal and natural persons whose operations are subject to inspection supervision shall be obliged to enable the conducting of supervision and provide necessary data and information.

Legal and natural persons referred to in paragraph 1 of this Article shall be obliged to deliver to or prepare for agricultural inspector, as well as other authorized persons in accordance with law, at their request, within specified period, data and materials necessary for conducting inspection supervision.

Seizure of Documents and Files

Article 40

When conducting inspection supervision, agricultural inspector may temporarily seize documents and files that in misdemeanor or court proceedings may serve as evidence.

Certificate shall be issued on temporary seizure of documents and files referred to in paragraph 1 of this Article.

IX PENAL PROVISIONS

Commercial Offence

Article 41

Legal person shall be fined in the amount of 500,000 to 3,000,000 dinars for commercial offence if it uses incentive funds for purposes other than designated purpose (Article 18, paragraph 1).

The responsible person in the legal person shall also be fined in the amount of 10,000 to 200,000 dinars for commercial offence referred to in paragraph 1 of this Article.

For acts specified in paragraph 1 of this Article, in addition to the fine, the protective measure may be imposed on the legal person prohibiting the performance of certain economic activity, and/or protective measure prohibiting responsible person in the legal person to conduct specific duties for the period of six months to five years.

Misdemeanor of a Legal Person

Article 42

Legal person shall be fined in the amount of 200,000 to 1,000,000 dinars for misdemeanor if it fails to act in compliance with the decision of agricultural inspector, in accordance with this Law.

The responsible person in legal person shall also be fined in the amount of 10,000 to 50,000 dinars for the misdemeanor referred to in paragraph 1 of this Article.

Misdemeanor of an Entrepreneur and Farmer

Article 43

Entrepreneur shall be fined in the amount of 5,000 to 500,000 dinars for misdemeanor if it uses incentive funds for purposes other than the designated purpose (article 18, paragraph 1) and if it fails to act in compliance with the decision of agricultural inspector, in accordance with this Law.

Natural person - farmer shall be fined for misdemeanor in the amount of 5,000 to 50,000 dinars for acts specified in paragraph 1 of this Article.

X TRANSITIONAL AND FINAL PROVISIONS

Taking Over Records, Employees, Equipment and Business Premises

Article 44

Ministry of Agriculture, Forestry and Water Management - Administration for Agricultural Payments shall assume keeping of the Register of Agricultural Households by January 1, 2010 at the latest, in accordance with this Law.

Ministry of Agriculture, Forestry and Water Management - Administration for Agricultural Payments shall assume records of agricultural households, part of employees, equipment and business premises from the Ministry of Finance – Treasury.

Number of employees, list of equipment and business premises referred to in paragraph 2 of this Article shall be determined by the Minister of Agriculture, Forestry and Water Management and the Minister of Finance by mutual consent, within 60 days from the day this Law comes into force.

Until the activities referred to in paragraph 1 of this Article are assumed, the activities related to the Register of Agricultural Households shall be conducted by the Ministry of Finance - Treasury.

Ministry of Agriculture, Forestry and Water Management - Administration for Agricultural Payments may delegate certain activities within its competence to other state authority or organization, based on contract concluded by the Director of the Administration.

Deadline for Adoption of Acts by the Government

Article 45

The Government shall adopt the National Program and the National Rural Development Program within one year from the day this Law comes into force.

Acts referred to in Article 13 of this Law shall be adopted by the Government each year, by January 31 at the latest.

Deadline for the Adoption of By-Laws

Article 46

By-laws that are adopted based on this Law shall be adopted within one year from the day this Law comes into force.

Until the adoption of by-laws referred to in paragraph 1 of this Article, the Decree on Register of Agricultural Households ("RS Official Gazette", no. 119/08, 21/09 and 36/09), Regulation on Form of Request for Entry in the Register of Agricultural Households and Form of Identification of Agricultural Household ("RS Official Gazette", no. 17/08) and Instruction on Manner of Entry, Keeping and Deletion of Data from the Register of Agricultural Households ("RS Official Gazette", no. 8/80) shall apply, except for provisions of such regulations that are not in compliance with this Law.

Coming into Force of this Law

Article 47

This Law shall come into force on the day following the day of its publication in the "Official Gazette of the Republic of Serbia".