

ACT ON PRESERVING AGRICULTURAL INCOME

Act No. 11690, Mar. 23, 2013

Amended by Act No. 12236, Jan. 14, 2014

Act No. 12514, Mar. 24, 2014

Act No. 12844, Nov. 19, 2014

Act No. 13383, Jun. 22, 2015

Act No. 14296, Dec. 2, 2016

Act No. 14589, Mar. 14, 2017

Act No. 14648, Mar. 21, 2017

Act No. 14839, Jul. 26, 2017

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to prescribe matters concerning the implementation of the direct payment system for agricultural income preservation aimed at stabilizing the incomes of farmers, etc., and matters concerning the establishment, operation, etc. of the direct payment fund for agricultural incomes preservation for securing financial resources necessary for such implementation.

Article 2 (Definitions)

The terms used in this Act shall be defined as follows: *<Amended by Act No. 11690, Mar. 23, 2013, Act No. 13383, Jun. 22, 2015; Act No. 14648, Mar. 21, 2017>*

1. The term "farmers, etc." refers to farmers referred to in subparagraph 2 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry, as well as agricultural associations and agricultural corporations under Articles 28 of the same Act;
2. The term "rice farming" refers to agriculture for cultivating rice, lotus roots, dropwort, rushes and other plants prescribed by Presidential Decree in the farmland used as rice field, irrespective of its land category;
3. The term "dry field farming" refers to agriculture for cultivating barley, wheat, bean, pepper, garlic, fodder crops, and other plants prescribed by Presidential Decree in the farmland used as dry field, regardless of its category of land;

4. The term "target price" refers to the standard price publicly notified by the Minister of Agriculture, Food and Rural Affairs in consideration of the average harvest price of rice, etc. calculated as prescribed by Presidential Decree in order to grant variable direct payments to farmers, etc.;
5. The term "fixed direct payments" refers to subsidies that are granted to the farmers, etc. that engage in rice farming or dry field farming, irrespective of the yields and price fluctuation of agricultural products;
6. The term "variable direct payments" refers to subsidies that are granted to the farmers, etc. who produce rice on farmland used for rice farming in cases where the average harvest price of rice produced in the relevant year is below the target price;
7. The term "engage in" refers to directly doing farming works (including cases in which only part of farming works is entrusted to other persons) at his/her/its own expenses and under his/her/its own responsibility.

Article 3 (Preparation of Policy to Stabilize Incomes of Farmers, etc.)

- (1) The Minister of Agriculture, Food and Rural Affairs shall comprehensively establish and implement policies concerning a system for granting income subsidies (hereinafter referred to as "direct payment system") to farmers, etc. to stabilize their incomes. *<Amended by Act No. 11690, Mar. 23, 2013>*
- (2) The State and local governments shall ascertain and analyze international trends with respect to the implementation of the direct payment systems for stabilizing the incomes of farmers, etc. and shall endeavor to strengthen international cooperation.
- (3) The State shall raise financial resources necessary for implementing the direct payment system each year.

**CHAPTER II DIRECT PAYMENT SYSTEM FOR
AGRICULTURAL INCOMES PRESERVATION**

Article 4 (Direct Payment System for Preserving Agricultural Incomes)

- (1) The Minister of Agriculture, Food and Rural Affairs shall subsidize incomes (hereinafter referred to as "direct payments for agricultural income preservation") to farmers, etc. to stabilize their incomes, based on the standards and scopes of the exemptions from Korea's reduction commitment on domestic subsidies under the Marrakesh Agreement Establishing the World Trade Organization. *<Amended by Act No. 11690, Mar. 23, 2013>*
- (2) The direct payments for agricultural income preservation shall be granted each year by classifying them into fixed direct payments and variable direct payments.

Article 5 (Farmlands Eligible for Direct Payments for Agricultural Incomes Preservation)

(1) Farmlands eligible for direct payments for agricultural income preservation to farmers, etc. who engage in cultivating rice shall be the farmlands (referring to the farmlands provided for in the Farmland Act; hereinafter the same shall apply) used for rice farming (limited to the agriculture for cultivating rice, lotus root, water dropwort, and *Cyperus exaltatus* var. *iwasakii*; hereafter the same shall apply in this Article) from January 1, 1998 to December 31, 2000, and farmlands eligible for payments for agricultural income preservation to farmers, etc. who engage in doing dry farming shall be the farmlands (referring to the farmlands provided for in the Farmland Act; hereinafter the same shall apply) used for dry farming from January 1, 2012 to December 31, 2014: Provided, That this shall not apply to the following farmlands: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. With respect to farmlands located in river areas under Article 2 of the River Act: Provided, That with respect to farmlands for which direct payments for preserving rice income, etc. (hereinafter referred to as "direct payments for preserving rice income, etc.") under the Rice Income, etc. Compensation Act (referring to the previous Act in force before repealed by the Act on Agricultural Incomes Preservation of Act No, 11690) were duly granted one or more times for the period from January 1, 2005 to December 31, 2008, and no compensation was ever granted until the year immediately before the year of registration pursuant to Article 8 (1), this shall not apply where the Minister of Agriculture, Food and Rural Affairs recognizes that such farmlands can be used for rice farming for a period of not less than one year;

2. Farmlands with respect to which permission for conversion of any farmland to other use is obtained, or report on such conversion is made pursuant to Article 34, 35 or 43 of the Farmland Act, and farmlands with respect to which consultation for its conversion to other use is completed (including where permission for, or report or consultation on the conversion of any farmland is, by legal fiction, deemed obtained or made pursuant to other Acts);

3. Farmlands falling under any of the following items: Provided, That with respect to those farmlands which are located in the areas or zones falling under any of the following items, and for which no compensation was ever granted until the year immediately before the year of registration pursuant to Article 8 (1), this shall not apply where the Minister of Agriculture, Food and Rural Affairs recognizes that such farmlands can be used for rice farming or dry farming for one year or more:

(a) Farmlands located in a residential, commercial or industrial area referred to in Article 36 (1) 1 (a) through (c) of the National Land Planning and Utilization Act;

(b) Farmlands located in an industrial complex or rural industrial complex designated pursuant to Articles 6, 7, 7-2 and 8 of the Industrial Sites and Development Act;

(c) Farmlands located in a prearranged area for housing site development designated pursuant to Article 3 of the Housing Site Development Promotion Act;

(d) Farmlands located in an area designated or publicly notified as a prearranged area for various development projects pursuant to other Acts;

4. Farmlands possessed by a person falling under subparagraph 1 of Article 14 (1). In such cases, the restriction which such farmlands are subject to in spite of their eligibility for direct payments for agricultural income preservation shall be imposed only during the period in which the aforementioned person is not permitted to be registered as a person eligible for direct payments for agricultural incomes preservation under Article 14 (2).

(2) Notwithstanding the provisions of the main body of paragraph (1), where any farmland used for rice farming for a period of not less than one year, not later than December 31, 1997 falls under any of the following subparagraphs, it shall be eligible for the direct payments for agricultural income preservation:

1. Where rice farming was inevitably interrupted for the period from January 1, 1998 to December 31, 2000 owing to agricultural production infrastructure rearrangement projects under subparagraph 5 (a) through (c) of Article 2 of the Rearrangement of Agricultural and Fishing Villages Act, such as arable land rearrangement projects, reclamation projects, etc.;

2. Where rice farming was inevitably interrupted for the period from January 1, 1998 to December 31, 2000 owing to natural disasters, and damages from storm and flood under subparagraphs 2 and 3 of Article 2 of the Countermeasures against Natural Disasters Act, such as typhoons, floods, etc.

(3) Notwithstanding the main body of paragraph (1), where any farmland used for dry field farming for a period of not less than one year, not later than December 31, 2011, falls under any of the following subparagraphs, it shall be eligible for direct payments for agricultural income preservation:

1. Where dry field farming was inevitably interrupted for the period from January 1, 2012 to December 31, 2014 due to agricultural production infrastructure rearrangement projects under subparagraph 5 (a) through (c) of Article 2 of the Rearrangement of Agricultural and Fishing Villages Act, such as arable land rearrangement projects, reclamation projects, etc.;

2. Where dry field farming was inevitably interrupted for the period from January 1, 2012 to December 31, 2014 due to natural disasters, and damages from storm and flood under subparagraphs 2 and 3 of Article 2 of the Countermeasures against Natural Disasters Act, such as typhoons, floods, etc.

(4) The maximum area of any farmland eligible for direct payments for agricultural incomes preservation under paragraphs (1) through (3) shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 6 (Persons Eligible for Direct Payments for Agricultural Incomes Preservation)

(1) The persons eligible for direct payments for agricultural income preservation shall be the farmers, etc. who engage in rice farming or dry field farming (including fallow period) in farmlands eligible for direct payments for agricultural income preservation under Article 5, and also fall under any of the following subparagraphs: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Person who, as a junior agricultural manager, a person specialized in agriculture, etc., meets the requirements prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs;

2. Person who duly received direct payments for preserving rice income one or more times for the period from January 1, 2005 to December 31, 2008.
- (2) The persons who fall under paragraph (1) 2 and have their addresses or principal offices in an area other than a rural community provided for in subparagraph 5 of Article 3 of the Framework Act on Agriculture, Rural Community and Food Industry shall be those who mainly engage in agriculture, as prescribed by Presidential Decree. *<Amended by Act No. 13383, Jun. 22, 2015>*
- (3) Notwithstanding paragraph (1), persons falling under any of the following subparagraphs shall not be eligible for direct payments for agricultural incomes preservation: Provided, That in cases falling under subparagraphs 3 and 4, they shall not be eligible for direct payments only with respect to the farmlands referred to in the same subparagraphs:
 1. Persons whose aggregate incomes, excluding agricultural incomes, are equal to or exceeds the amount prescribed by Presidential Decree;
 2. Persons, the area of whose farmland used for rice farming is less than 1,000 square meters;
 3. Persons who are issued an order to dispose of any farmland pursuant to Article 11 (1) of the Farmland Act;
 4. Persons who occupy any farmland which is not in their own possession, without obtaining permission.

Article 7 (Public Announcement of Application for Registration)

The Minister of Agriculture, Food and Rural Affairs and the heads of local governments shall, at least one from among the Official Gazette, official bulletins, bulletin boards and daily newspapers, as well as via the internet, publicly announce the matters necessary for registration applications for direct payments for agricultural income preservation, including the following matters, not later than seven days before the date of receiving applications for registration under Article 8, as prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Farmlands eligible for direct payments under Article 5;
2. Persons eligible for direct payments under Article 6;
3. Period and methods of filing applications for registration;
4. Other necessary matters concerning filing applications for registration for direct payments for agricultural incomes preservation.

Article 8 (Registration of Persons Eligible for Direct Payments for Agricultural Incomes Preservation)

(1) The Persons who intend to receive direct payments for agricultural incomes preservation shall, each year, file an application for registration with the heads of Eups, Myeons or Dongs (hereinafter referred to as "heads of Eups/Myeons") having jurisdiction over the relevant farmland by the date specified by the Minister of Agriculture, Food and Rural Affairs: Provided, That where the relevant arable farmland covers at least two Eups, Myeons or Dongs in the same Si (including administrative cities under the Special Act

on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City; hereinafter the same shall apply), Gun or Gu (referring to an autonomous Gu; hereinafter the same shall apply), they shall file an application with the head of the Eup/Myeon in which the larger or largest piece of such arable farmland is located. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) Necessary matters concerning filing applications for registration pursuant to paragraph (1) shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. In such cases, the Minister of Agriculture, Food and Rural Affairs may prescribe such matters separately by distinguishing the farmers [referring to applicants (including applicants who cultivate the farmlands located in an Eup/Myeon/Dong of the other Si, Gu, or Gu which is adjacent to the Eup/Myeon/Dong in which they have addresses) who have their addresses in the Si, Gun or Gu having jurisdiction over the location of the farmlands an application for whose registration is filed by them] within the jurisdiction of the relevant Eup/Myeon/Dong, from the other farmers. *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) Upon receipt of an application for registration under paragraphs (1) and (2), the head of an Eup/Myeon shall issue certificates of receipt to the relevant applicants.

(4) Where the head of an Eup/Myeon receives applications for registration under paragraph (1), he/she shall submit the said application document to the Minister of Agriculture, Food and Rural Affairs, together with the results of the inspections after conducting necessary inspections, such as on-site inspections, etc. to ascertain whether the applicants for direct payments for agricultural incomes preservation are engaged in the rice farming or dry field farming. *<Amended by Act No. 11690, Mar. 23, 2013>*

(5) In order to conduct necessary inspections, such as on-site inspections pursuant to paragraph (4), the examination committees in Eups/Myeons/Dongs shall be established, and the organization that operates methods, etc. thereof shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. *<Amended by Act No. 11690, Mar. 23, 2013>*

(6) Where applicants for registration are deemed to be persons eligible for direct payments under Article 6, based on the results of inspections under paragraph (4), the Minister of Agriculture, Food and Rural Affairs shall register such applicants as eligible for direct payments for agricultural income preservation, and issue a certificate of registration to them. *<Amended by Act No. 11690, Mar. 23, 2013>*

(7) Necessary matters concerning the objects and methods of inspections, the issuance of certificates of registration, etc. under paragraphs (4) and (6) shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 9 (Reporting, etc. on Modification of Registered Matters)

(1) Where the area of his/her/its farmland eligible for direct payments for agricultural incomes preservation or the area of his/her/its farmland producing rice is changed, a person registered as eligible for direct payments for agricultural incomes preservation (hereinafter referred to as "registrant of direct payments for agricultural incomes preservation") shall make registration for its change with the Minister of Agriculture, Food and Rural Affairs, as prescribed by Ordinance of the Ministry of Agriculture, Food

and Rural Affairs. <Amended by Act No. 11690, Mar. 23, 2013>

(2) The farmers, etc., who take over, rent, or lease free of charge all or part of any farmland eligible for direct payments for agricultural incomes preservation from any registrants of direct payments for agricultural incomes preservation, shall report such fact to the Minister of Agriculture, Food and Rural Affairs, as prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. <Amended by Act No. 11690, Mar. 23, 2013>

(3) Where a registrant of direct payments for agricultural income preservation has deceased or has been pronounced brain dead under Article 18 of the Internal Organs, etc. Transplant Act, a person who intends to succeed to his/her direct payments shall report such intent to the Minister of Agriculture, Food and Rural Affairs together with evidential documents, as prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. <Newly Inserted by Act No. 12514, Mar. 24, 2014>

(4) Where farmers, etc. who have filed a report under paragraphs (2) and (3) are recognized as eligible for the direct payments pursuant to Article 6, the Minister of Agriculture, Food and Rural Affairs shall make registration for their status change into registrants of direct payments for agricultural income preservation with respect to the relevant farmland. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 12514, Mar. 24, 2014>

(5) Article 8 shall apply mutatis mutandis to registration for modification. <Amended by Act No. 12514, Mar. 24, 2014>

Article 10 (Payment of Fixed Direct Payments)

(1) The Minister of Agriculture, Food and Rural Affairs shall grant fixed direct payments to registrants of direct payments for agricultural incomes preservation with respect to such part of their farmland as maintains its shape and function in compliance with the standards prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Specific standards and methods for calculating the amount of fixed direct payments, and other detailed matters necessary for payments shall be prescribed by Presidential Decree.

Article 11 (Fixing and Change of Target Price)

(1) The target price for years of 2013 through 2017 shall be fixed at 188,000 won per 80kilograms of rice, and shall be changed every five years thereafter. <Amended by Act No. 12236, Jan. 14, 2014>

(2) Where Minister of Agriculture, Food and Rural Affairs intends to change the target price under paragraph (1), he/she shall obtain approval from the National Assembly. <Amended by Act No. 11690, Mar. 23, 2013>

(3) The target price to be changed under paragraph (2) shall be determined, reflecting the fluctuations in the average price of rice at its harvest season, and detailed matters necessary for the methods of calculating such target price, procedures for change thereof, etc. shall be prescribed by Presidential Decree. <Amended by Act No. 14648, Mar. 21, 2017>

Article 12 (Granting of Variable Direct Payments)

(1) The Minister of Agriculture, Food and Rural Affairs shall grant variable direct payments to persons who meet all of the following requirements, as registrants of direct payments for agricultural incomes preservation: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. To produce rice with the shape and function of the farmland maintained, as prescribed by Presidential Decree;
 2. To use agrochemicals and chemical fertilizers according to the standards prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs.
- (2) Variable direct payments granted pursuant to paragraph (1) shall be equivalent to the amount remaining after deducting fixed direct payments from the amount calculated by multiplying the difference between the target price and the average price at the harvest season of the relevant year by 85/100.
- (3) Detailed matters necessary for the unit price for variable direct payments, the method for calculation and payment of the amount due, etc. shall be prescribed by Presidential Decree.

Article 13 (On-Site Inspections for Verification)

- (1) The Minister of Agriculture, Food and Rural Affairs shall verify whether a registrant of direct payments for compensating for rice income, etc. maintains the shape, function, etc. of the farmland in conformity with the standards pursuant to Articles 10 (1) and 12 (1). *<Amended by Act No. 11690, Mar. 23, 2013>*
- (2) Where deemed necessary for the verification under paragraph (1), the Minister of Agriculture, Food and Rural Affairs may conduct the on-site inspections for verification, soil element tests or residual agrochemical tests of cultivated plants. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 14 (Reduction of Direct Payments for Agricultural Incomes Preservation or Restraints on Registration thereof)

- (1) Where any registrant or recipient of direct payments for agricultural income preservation falls under any of subparagraphs 1 through 3, the Minister of Agriculture, Food and Rural Affairs shall not grant fixed direct payments or variable direct payments with respect to all registered farmlands; where any registrant or recipient falls under any of subparagraphs 4 through 6, the Minister of Agriculture, Food and Rural Affairs shall not grant the whole or any part of fixed direct payments or variable direct payments with respect to the relevant farmland: *<Amended by Act No. 11690, Mar. 23, 2013; Act No. 14589, Mar. 14, 2017>*
1. In cases of registering any farmland or receiving direct payments by fraud or other improper means;
 2. In cases of failing to meet the requirements for eligibility for direct payments under Article 6 (1) or (2);
 3. In cases of failing to meet the requirements for eligibility for direct payments under Article 6 (3) 1 or 2;

4. In cases of failing to meet the requirements for eligibility for direct payments under Article 6 (3) 3 and 4;
 5. In cases of failing to meet the criteria for payment under Article 10 (1) or 12 (1);
 6. In cases of falsely registering any farmland or erroneously receiving direct payments by mistake or minor negligence.
- (2) The Minister of Agriculture, Food and Rural Affairs may restrain persons who fall under paragraph (1) 1 and come not to receive fixed direct payments and variable direct payments at all from being registered as persons eligible for direct payments for agricultural incomes preservation under Article 8 for a period of under five years. *<Amended by Act No. 11690, Mar. 23, 2013>*
- (3) Standards for withholding fixed direct payments and variable direct payments under paragraph (1) and detailed standards for restrictions on registration under paragraph (2) shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs in consideration of the type, degree, etc. of the relevant violations. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 15 (Unjust Enrichment and Surcharges)

- (1) Where the Minister of Agriculture, Food and Rural Affairs has already granted direct payments for agricultural income preservation even in cases falling under subparagraphs of Article 14 (1), he/she shall recover such direct payments. In a case falling under Article 14 (1) 1, he/she shall additionally collect two times the amount already paid. *<Amended by Act No. 11690, Mar. 23, 2013>*
- (2) Where a person liable for reimbursement fails to fully reimburse the amount due pursuant to paragraph (1) by the reimbursement deadline, the Minister of Agriculture, Food and Rural Affairs shall impose a surcharge in accordance with the following divisions: *<Amended by Act No. 11690, Mar. 23, 2013>*
1. In cases of reimbursing the amount due within one week from the date on which the reimbursement deadline expires: a surcharge equivalent to one percent of the amount in arrears;
 2. In cases of reimbursing the amount due after one week from the date on which the reimbursement deadline expires: a surcharge equivalent to three percent of the amount in arrears.
- (3) Where a person liable for reimbursement fails to reimburse the amount in arrears, the Minister of Agriculture, Food and Rural Affairs shall impose the amount calculated by adding a surcharge equivalent to one percent of the amount in arrears to the surcharge under paragraph (2) whenever one month lapses after the date on which the reimbursement deadline expires. In such cases, the total surcharge shall not exceed nine percent of the amount in arrears under paragraph (2). *<Amended by Act No. 11690, Mar. 23, 2013>*
- (4) Where a person liable for reimbursement fails to reimburse an amount imposed or surcharges referred to in paragraphs (1) through (3), the Minister of Agriculture, Food and Rural Affairs may collect them in the same manner as national taxes in arrears are collected. *<Amended by Act No. 11690, Mar. 23, 2013>*

CHAPTER III DELIBERATIVE COMMITTEE FOR FARM HOUSEHOLD INCOMES STABILIZATION

Article 16 (Establishment of Deliberative Committee for Farm Household Incomes Stabilization)

(1) There shall be established the Deliberative Committee for Farm Household Incomes Stabilization under the jurisdiction of the Minister of Agriculture, Food and Rural Affairs, to deliberate on the matters concerning the stabilization of the incomes of farmers, etc. <Amended by Act No. 11690, Mar. 23, 2013>

(2) The Deliberative Committee for Farm Household Incomes Stabilization shall deliberate on the following matters: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 14648, Mar. 21, 2017>

1. Matters concerning basic policies and systems for stabilizing the incomes of farmers, etc.;
2. Matters concerning the setting and change of the target price, fixed direct payments and variable direct payments;
3. Matters concerning financial assistance to stabilize the incomes of farmers, etc.;
- 3-2. Matters concerning the establishment of the Fund Operation Plans and any modification thereto under Article 23 (1);
4. Matters concerning the management and operation of the fund for direct payments for agricultural income preservation under Article 24;
5. Other matters that the Minister of Agriculture, Food and Rural Affairs deems necessary for the stabilization of income of farmers, etc.

Article 17 (Composition and Operation of Deliberative Committee for Farm Household Incomes Stabilization)

(1) The Deliberative Committee for Farm Household Incomes Stabilization shall consist of not more than 21 members including one Chairperson and two Vice Chairpersons.

(2) The Minister of Agriculture, Food and Rural Affairs shall be the Chairperson; the Vice Chairpersons shall be elected from among the commissioned members; the following persons shall be the members: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 12844, Nov. 19, 2014; Act No. 14839, Jul. 26, 2017>

1. The Vice Minister of Strategy and Finance, the Vice Minister of the Interior and Safety, the Vice Minister of Agriculture, Food and Rural Affairs, and the Vice Minister of Trade, Industry and Energy;
2. Persons who fall under any of the following items and are commissioned by the Minister of Agriculture, Food and Rural Affairs:
 - (a) Not more than five representatives of farmers' organization;
 - (b) Not more than five persons from among the representatives of consumer organizations under Article 2 of the Framework Act on Consumers and from among journalists;
 - (c) Not more than five persons who have abundant expertise in agriculture and economy.

(3) The term of office of the commissioned members under subparagraph 2 of paragraph (2) shall be three years, and they may be recommissioned consecutively.

(4) In addition to paragraphs (1) through (3), necessary matters concerning the composition and operation of the Deliberative Committee for Farm Household Incomes Stabilization shall be prescribed by Presidential Decree.

Article 18 (Task Force Team for Farm Household Incomes Stabilization)

(1) To perform the duties of the Deliberative Committee for Farm Household Income Stabilization, there shall be established a task force team for farm household incomes stabilization within the Ministry of Agriculture, Food and Rural Affairs. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) Necessary matters concerning the composition, operation, etc. of the task force team for farm household incomes stabilization shall be prescribed by Presidential Decree.

CHAPTER IV FUND FOR DIRECT PAYMENTS FOR AGRICULTURE INCOMES PRESERVATION

Article 19 (Establishment, etc. of Fund for Direct Payments for Agricultural Incomes Preservation)

The Government shall establish the Fund for Direct Payments for Agricultural Incomes Preservation (hereinafter referred to as the "Fund") in order to secure and efficiently manage financial resources necessary to grant direct payments for agricultural incomes preservation for the stabilization of the incomes of farmers, etc.

Article 20 (Creation of Fund)

(1) The Fund shall consist of the following financial sources: *<Amended by Act No. 14296, Dec. 2, 2016>*

1. Contributions referred to in Article 17 (2);
2. Importation proceeds referred to in Article 13-2 of the Grain Management Act;
3. Loans under Article 21;
4. Gains from the operation of the Fund and other incomes prescribed by Presidential Decree;
5. Money transferred from the account for projects financed by the special rural development tax of special accounts for the structural improvement of agricultural and fishing villages under Article 5 (2) 6 of the Act on Special Accounts for the Structural Improvement of Agricultural and Fishing Villages.

(2) The Government may make contributions to the Fund, within budgetary limits.

Article 21 (Loans)

(1) Where necessary for securing and operating the financial resources of the Fund, the Minister of Agriculture, Food and Rural Affairs may procure long-term or temporary loans from the Bank of Korea, banking institutions, other funds or other accounts under the Fund's burden. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) Temporary loans under paragraph (s) shall be reimbursed within the relevant fiscal year.

Article 22 (Purposes of Fund)

The Fund shall be used for the following purposes: <Amended by Act No. 11690, Mar. 23, 2013>

1. Making variable direct payments;
2. Expenses incurred in the management and operation of the Fund;
3. Expenses incurred in conducting on-site inspections for verification, soil elements tests or residual agrochemical tests of cultivated plants under Article 13 (2);
4. Reimbursement of the principal and interest of loans;
5. Other projects necessary for stabilizing the incomes of farmers, etc., which are designated by the Minister of Agriculture, Food and Rural Affairs.

Article 23 (Establishment, etc. of Fund Operation Plans)

(1) The Minister of Agriculture, Food and Rural Affairs shall formulate the Fund Operation Plans pursuant to the provisions of the National Finance Act each year. The same shall also apply to modification of the Fund Operation Plans. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where the Minister of Agriculture, Food and Rural Affairs intends to formulate or modify the Fund Operation Plans pursuant to paragraph (1), he/she shall undergo the deliberation thereon by the Deliberative Committee for Farm Household Incomes Stabilization.

Article 24 (Management and Operation of Fund)

(1) The Fund shall be managed and operated by the Minister of Agriculture, Food and Rural Affairs. <Amended by Act No. 11690, Mar. 23, 2013>

(2) The Minister of Agriculture, Food and Rural Affairs may entrust some of the duties concerning the management and operation of the Fund to a corporation involved in agriculture, forestry and fisheries which is designated by the Minister of Agriculture, Food and Rural Affairs. <Amended by Act No. 11690, Mar. 23, 2013>

(3) Necessary matters concerning the management and operation of the Fund shall be prescribed by Presidential Decree.

Article 25 (Fiscal Year of Fund)

The fiscal year of the Fund shall coincide with that of the Government.

Article 26 (Accounting Organs of Fund)

(1) The Minister of Agriculture, Food and Rural Affairs shall appoint a fund revenue collection officer, a Fund financial officer, a Fund defrayment official, and a Fund accounting officer, from among public officers under his/her control, to be in charge of performing the duties relating to the revenue and

expenditure of the Fund. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where entrusting a corporation with some of the duties concerning the management and operation of the Fund pursuant to Article 24 (2), the Minister of Agriculture, Food and Rural Affairs shall appoint an officer in charge of the Fund revenue and an officer in charge of incurring Fund expenditure from among officers of such entrusted corporation, and a Fund defrayment staff and a Fund cashier from among staff members of such corporation, respectively. In such cases, the officer in charge of the Fund revenue, the officer in charge of causative acts of the Fund expenditure, the Fund defrayment staff and the Fund cashier shall perform the duties of the Fund revenue collecting official, financial official, the Fund defrayment official, and the Fund accounting official, respectively. <Amended by Act No. 11690, Mar. 23, 2013>

Article 27 (Opening of Fund Account)

The Minister of Agriculture, Food and Rural Affairs shall create the Fund account at the Bank of Korea to ensure the transparency of the revenue and expenditure of the Fund. <Amended by Act No. 11690, Mar. 23, 2013>

Article 28 (Revenue and Expenditure of Fund)

(1) The revenue of the Fund shall be composed of the financial resources referred to in the subparagraphs of Article 20 (1).

(2) The expenditure of the Fund shall be composed of the expenses used for the purposes of the Fund under Article 22 and costs incidental to the operation of the Fund.

Article 29 (Treatment of Profit and Loss)

(1) Where it is verified that any profit has accrued as a result of the settlement of accounts, the whole amount of the profit shall be reserved.

(2) Where it is proved that any loss has accrued as a result of the settlement of accounts, the loss shall be made up for by the reserve under paragraph (1); where the loss can not be fully made up for by the reserve, the Government may compensate the insufficient part by appropriating money from its general account.

CHAPTER V SUPPLEMENTARY PROVISIONS

Article 30 (Informatization of Direct Payment System and Request for Data)

(1) To efficiently manage information on the implementation of the direct payment system to farmers, etc., the Minister of Agriculture, Food and Rural Affairs shall establish and implement policies necessary for the informatization thereof. <Amended by Act No. 11690, Mar. 23, 2013>

(2) If necessary for the smooth implementation of the direct payment system compensating for the loss of rice income, etc., the Minister of Agriculture, Food and Rural Affairs may request the heads of the

relevant central administrative agencies, the heads of local governments, or the heads of public institutions under Article 4 of the Act on the Management of Public Institutions to provide related materials. In such cases, the heads of the relevant central administrative agencies, etc. so requested to provide materials shall comply with such request except in extenuating circumstances. <Amended by Act No. 11690, Mar. 23, 2013>

Article 31 (Disclosure and Protection of Information Relating to Direct Payment System)

(1) To enhance transparency in granting direct payments for agricultural incomes preservation, the Minister of Agriculture, Food and Rural Affairs shall disclose the following information on applicants for and recipients of direct payments for agricultural incomes preservation each year, in accordance with the methods prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs: <Amended by Act No. 11690, Mar. 23, 2013>

1. Farmers: names of farmers, lot numbers and areas of the farmlands with respect to which applications have been filed, and the amounts received;
2. Agricultural association corporations and agricultural corporations: names of corporations, lot numbers and areas of the farmlands with respect to which applications have been filed, and the amounts received.

(2) Persons who have engaged, or engage in the affairs relating to the registration, management, etc. of those persons eligible for direct payments for agricultural incomes preservation shall neither provide or disclose any information of which they have become aware in the course of performing their duties, to a third person, nor use the information for any purpose other than the implementation of the direct payment system, unless it is disclosed pursuant to paragraph (1).

(3) Upon receipt of an objection regarding the matters disclosed pursuant to paragraph (1), the Minister of Agriculture, Food and Rural Affairs shall, shall conduct investigations to ascertain whether or not such objection is well-grounded, and then notify the applicants, etc. of the results thereof. Necessary matters concerning grounds for objection, the methods for filing objections, etc. shall be prescribed by Ordinance of the Ministry of Agriculture, Food and Rural Affairs. <Amended by Act No. 11690, Mar. 23, 2013>

(4) Farmers, etc. whose eligibility for direct payments under Article 6 has been confirmed in the course of an inspection under paragraph (3) may apply for registration under Article 8.

Article 32 (Delegation and Entrustment of Authorities)

(1) The authority of the Minister of Agriculture, Food and Rural Affairs under this Act may be delegated to the head of a Si (including the head of an administrative Si under the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City), Gun or Gu (referring to an autonomous Gu), or the head of any affiliated agency under the jurisdiction of the Ministry of Agriculture, Food and Rural Affairs, as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

(2) The authority of the Minister of Agriculture, Food and Rural Affairs under this Act may be entrusted, in part, to the Korea Rural Community Corporation established pursuant to the Korea Rural Community Corporation and Farmland Management Fund Act, as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

Article 33 (Monetary Reward for Reporting)

The Minister of Agriculture, Food and Rural Affairs may grant rewards within budgetary limits to those persons who have filed reports any recipients of direct payments for agricultural income preservation who don't engage in rice farming or dry field farming with the competent administrative office or relevant administrative agency, as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

Article 34 (Legal Fiction as Public Official in Application of Penalty Provisions)

The persons who are entrusted to perform part of the management and operation affairs of the Fund pursuant to Article 24 (2) shall be deemed to be public officials in applying Articles 129 through 132 of the Criminal Act.

CHAPTER VI PENALTIES

Article 35 (Penalty Provisions)

A person falling under any of the following subparagraphs shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding ten million won:

1. A person who receives any direct payments for agricultural incomes preservation by fraud or other improper means;
2. A person who files an application for registration pursuant to Article 7 (1) or modification of registration pursuant to Article 8 by fraud or other improper means;
3. A resident in any farmland who has confirmed the content of an application for registration submitted pursuant to Article 7 (1), with knowledge that such content is false;
4. A person who provides or discloses the information to any third person that has come to his/her knowledge in the course of performing his/her duties or uses such information for any purpose other than the implementation of the direct payment system, in violation of Article 26 (2).

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2015

Article 2 (Repeal of Other Act)

The Rice Income, etc. Compensation Act shall be hereby repealed.

Article 3 (Special Provisions of Restriction on Registration)

Even where farmers, etc. engaged in rice farming on any farmland eligible for direct payments for agricultural incomes preservation pursuant to Article 5 (2) are subject to the restriction of registration on the ground that they had fallen under subparagraph 1 of Article 13 (1) of the Act on Rice Income, etc. Compensation before March 21, 2008, the day on which Act No. 8929, the partially amended Act on Rice Income, etc. Compensation entered into force, they may be registered as eligible for direct payments for agricultural incomes preservation under Article 8.

Article 4 (Special Provisions concerning Persons Eligible for Payments)

Notwithstanding subparagraph 1 of Article 6 (1), if persons who fall under any of the following subparagraphs for the period from January 1, 2005 to December 31, 2008 files applications for registration under Article 8 by December 31, 2011, they may be recognized as eligible for direct payments for agricultural incomes preservation under Article 6:

1. A person who engaged in rice farming on any farmland eligible for payments under subparagraph 1 of Article 5 (2);
2. A person who engaged in rice farming on any farmland registered by a person falling under subparagraph 1 of Article 14 (2).

Article 5 (Transitional Measure Concerning Farmland Eligible for Direct Payments for Agricultural Incomes Preservation)

The farmlands that are eligible for direct payments compensating for rice income, etc. pursuant to Article 5 of the former Act on Rice Income, etc. Compensation (hereinafter referred to as the "former Act") at the time when this Act enters into force shall be deemed farmlands eligible for direct payments for agricultural incomes preservation under Article 5 of this Act.

Article 6 (Transitional Measure Concerning of Reduction of Direct Payments for Agricultural Incomes Preservation, and Restriction on Registration)

Where direct payments compensating rice income, etc. had ever been granted to any farmland eligible for payments under subparagraph 1 of Article 5 (2) pursuant to the Act on Rice Income, etc. Compensation before June 26, 2009, the day on which Act No. 9531, the partially amended Rice Income, etc. Compensation Act entered into force, such payments shall be deemed as if normally granted in accordance with this Act.

Article 7 (Transitional Measure Concerning Registration, etc. of Direct Payments Compensating for Rice Income, etc.)

(1) A person who is registered as eligible for direct payments compensating for rice income, etc. under Article 7 of the former Act as at the time when this Act enters into force shall be deemed as if he were registered as person eligible for direct payments for agricultural income preservation under Article 8 of this Act.

(2) Any matter the modification of which was registered pursuant to Article 8 (1) of the former Act by a person who was registered as eligible for direct payments compensating rice income, etc. under Article

7 of the previous Act at the time when this Act enters into force shall be deemed as if it were registered pursuant to Article 9 (1) of this Act, and the farmers, etc. who modified the registration pursuant to Article 8 (3) of the previous Act shall be deemed as if they were the farmers, etc. who have done so pursuant to Article 9 (4) of this Act. <Amended by Act No. 12514, Mar. 24, 2014>

(3) Reports which any farmers, etc. who have taken over, rent or leased for free all or part of any farmland eligible for direct payments for preserving rice income, etc. from any registrants of direct payments compensating rice income, etc., have made with respect to such fact to the Minister for Food, Agriculture, Forestry and Fisheries, as prescribed by Ordinance of the Ministry for Food, Agriculture, Forestry and Fisheries pursuant to Article 8 (2) of the former Act at the time when this Act enters into force shall be deemed as if reports made pursuant to Article 9 (2) of this Act.

Article 8 (Transitional Measure concerning Fixed Direct Payments and Variable Direct Payments)

Fixed direct payments and variable direct payments granted to registrants of direct payments compensating for rice income, etc. pursuant to Articles 9 and 11 of the former Act as at the time when this Act enters into force shall be deemed as if they were fixed direct payments and variable direct payments granted to registrants of direct payments for agricultural income preservation under Articles 10 and 12 of this Act, respectively.

Article 9 (Transitional Measure Concerning Target Price)

The target price fixed pursuant to Article 10 (1) of the former Act as at the time when this Act enters into force shall be deemed as if the target price referred to in Article 11 (1) of this Act.

Article 10 (Transitional Measure Concerning Deliberative Committee on Farm Household Incomes Stabilization, etc.)

The Deliberative Committee on Farm Household Incomes Stabilization and the Task force team for Farm Household Incomes Stabilization which have been established pursuant to Articles 14 and 16 of the former Act at the time when this Act enters into force shall be deemed as if the Deliberative Committee on Farm Household Incomes Stabilization and the Task force team for Farm Household Incomes Stabilization established pursuant to Articles 16 and 18 of this Act, respectively.

Article 11 (Transitional Measure Concerning Fund for Variable Direct Payments Compensating for Rice Income, etc.)

The Fund for Variable Direct Payments Compensating for Rice Income, etc. which has been established pursuant to Article 17 of the former Act at the time when this Act enters into force shall be deemed as if the Fund for Direct Payments for agricultural income preservation established pursuant to Article 19.

Article 12 (Transitional Measure Concerning Dispositions, etc.)

Dispositions or measures taken, or acts conducted by or towards an administrative agency pursuant to the former Act at the time when this Act enters into force shall be deemed as if taken or conducted pursuant to this Act.

Article 13 (Transitional Measure Concerning Penalties)

In applying the penalties provisions to acts committed before this Act enters into force, the previous Act shall apply.

Article 14 Omitted.

Article 15 (Relationship with Other Acts)

Where a reference to the previous Act or the provisions thereof in any other statutes as at the time this Act enters into force deemed to refer to this Act or the relevant provisions thereof in lieu of them, if the provisions corresponding thereto exist in this Act.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 12236, Jan. 14, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 Omitted.

ADDENDA <Act No. 12514, Mar. 24, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation: Provided That Article 2 of these Addenda shall enter into force on Jan.1, 2015.

Article 2 Omitted.

ADDENDA <Act No. 12844, Nov. 19, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That among the Acts amended in accordance with Article 6 of the Addenda, amendments to an Act, which was promulgated before this Act enters into force but the date on which it enters into force has yet to arrive, shall enter into force on the enforcement date of the relevant Act.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 13383, Jun. 22, 2015>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <Act No. 14296, Dec. 2, 2016>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Article 2 Omitted.

ADDENDA <Act No. 14589, Mar. 14, 2017>

Article 1 (Enforcement Date)

This Act shall enter into force three months after the date of its promulgation.

Article 2 (Applicability to Reduction of Direct Payments for Agricultural Incomes Preservation)

(1) The amended provisions of Article 14 (1) 2 shall begin to apply from the first person who fails to meet the requirements for eligibility for direct payments under Article 6 (1) and (2) after this Act enters into force.

(2) The amended provisions of Article 14 (1) 6 shall begin to apply from the first person who falsely registers any farmland or erroneously receives a direct payment by mistake or minor negligence.

ADDENDUM <Act No. 14648, Mar. 21, 2017>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 14839, Jul. 26, 2017>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That among the Acts amended under Article 5 of the Addenda, amendments to an Act, which was promulgated before this Act enters into force but the date it enters into force has yet to arrive, shall enter into force on the enforcement date of the relevant Act.

Articles 2 through 6 Omitted.

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