



Rural Payments  
Agency

**Milk Quota – MQ/15**

**Direct Sellers' Declaration**

**2014/15**

Please read these guidance notes carefully before completing your MQ/15 form

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## Introduction

This guidance will help you complete your annual declaration of direct sales and apply for a temporary conversion of quota.

If you have any queries please contact the Milk Quotas team on 01392 315762.

## Why do I need to complete the MQ/15 form?

If you are a direct seller, or if you hold Direct Sales quota, you **must** make an annual declaration of the sales of milk and milk products made during the quota year. You do this by completing the **MQ/15 form**. The quota year is **1 April 2014** to **31 March 2015**.

Bulk deliveries of whole milk, including pasteurised milk, to individuals/companies for further processing into other milk products are classified as wholesale deliveries **not** direct sales and should be declared at **Part D** of the MQ/15 form. Recipients of bulk milk must be registered with RPA as First Purchasers of milk.

If you process cows' milk to produce your own doorstep milk (including green top), cream, cheese or any other dairy product they should be covered by direct sales quota.

***If you did not make any direct sales you must submit a nil declaration.***

You must make a declaration even if one or more of the following apply:

- you have stopped making direct sales during the quota year;
- you made direct sales without holding direct sales quota.

The main scheme regulations are:

- Regulation (EU) No 1308/2013;
- Commission Regulation No 595/04; and
- The Dairy Produce Quotas Regulations 2005 (DPQR), and the equivalent regulations in Scotland, Wales and Northern Ireland.

This guidance reflects how we've interpreted the legislation. It is not a definitive statement of the law. Only the courts can give this.

We reserve the right to review our position if circumstances change, for example, if the European Commission issues new guidance or we change how we interpret the regulation.

We cannot advise you or your legal representatives. You may wish to get independent professional or legal advice before you change anything about the way you farm.

## Will I need a temporary conversion of quota?

You can request a temporary conversion if you have exceeded your quota of either type (wholesale or direct sales).

You can convert wholesale quota to direct sales quota, or vice versa.

We publish monthly statistics of Wholesale deliveries on our website showing the amount of milk that has been delivered to purchasers in the current quota year. However, they do not show the direct sales situation or indicate whether the UK will be in a direct sales levy situation for the 2014/15 quota year.

The wholesale and direct sales levies are calculated separately and RPA is not able to carry out a national temporary conversion. We can only convert quota at individual producer level and only if requested by the producer.

## Applying for a temporary conversion of quota

You can apply for a temporary conversion at **Part F** of the MQ/15.

We cannot convert your quota unless you have asked us to do so – you **must** make an application if you are to benefit from a temporary conversion.

**You will not benefit from a temporary conversion if you do not apply.**

We can only convert:

- the amount you need to cover your over production; or
- the maximum amount of available unused quota.

We cannot convert quota that you have transferred or leased out, or quota that you have made direct sales or wholesale deliveries against.

### **Confirming your temporary conversion**

We will only process temporary conversions into direct sales quota if the UK has exceeded the national direct sales quota.

Similarly, we will only process temporary conversions into wholesale quota if the UK has exceeded the national wholesale quota.

In either of these cases, we will issue a press notice rather than writing to individual applicants.

We will check if you have any unused quota to convert and the amount of quota you need to convert to cover your over production.

You will only receive a temporary conversion if:

- You need one.
- You have unused quota to convert.
- Your application was submitted by the regulatory deadline of 14 May 2015.

**If your application for temporary conversion is successful**, we will write to you before the end of July 2015 to tell you the type and amount of quota temporarily converted. If the conversion is to wholesale quota, we will notify you of the butterfat base of the temporarily converted quota.

**If your application for temporary conversion is not successful** we will write to you before the end of July to explain why.

### **What information do I need to complete the MQ/15?**

You will need:

- details of the quantity of milk produced on your holding during the 2014/15 quota year;
- details of the quantity of milk and milk products sold during the quota year;
- details of any non levy milk;
- details of any milk sold wholesale during the quota year and the butterfat content of those deliveries, where known.

## Signing and returning your MQ/15 form

Please read the *declaration* on the last page of the MQ/15. Sign and date it and write your name in block capitals.

If an agent has signed the declaration for you, your MQ/15 form must be accompanied by a signed Letter of Authority giving your agent authority to sign the form on your behalf.

The deadline for submitting your MQ/15 form to us is **midnight on 14 May 2015**. If we receive a form with a postmark date of **15 May 2015** or later it will be treated as a late submission.

If we return your form to you because it has not been signed, or because it is incomplete, you must make sure that your updated signed form is sent back to us by the deadline of **14 May 2015**.

We will accept faxed copies if they are properly completed and received by the deadline, you must make sure that the original form is sent to us within five days.

**We strongly recommend that you obtain proof of postage for your form, for example, recorded delivery or Datapost, which provide evidence of the date of postage.**

When we receive your MQ/15 form, we will send you an acknowledgement card. If you do not receive one within seven days of sending your form, you should telephone the Milk Quotas team on 01392 315762.

### Late submission

If your form is late:

- We will not process your temporary conversion.
- You will not benefit from the allocation of any unused quota from other producers.

If you do not return your form we may apply penalties. We may also visit you to inspect your records and determine your milk production for the quota year. You may be charged for the cost of this inspection.

## Penalties

Financial penalties will be based on the levy and Euro rates on 31 March 2015. We will apply penalties if:

- **your declaration is late.** We will calculate the penalty on the levy due on a 0.01% excess of your direct sales quota as at 31 March 2015 for each calendar day of delay. The minimum penalty for a late return is €100; up to a maximum of €1,000. This is approximately £75 and £750 respectively;
- **your declaration is late, you have exceeded your quota and the UK is in a direct sales levy position.** You will be liable to pay a levy charge at the full rate (usually around 25 to 30 pence per litre) on sales which exceed quota held on 31 March 2015. You will not benefit from any dilute rate of levy otherwise charged;
- **we find that you have not declared all your direct sales and the UK is in a direct sales levy position.** You will be liable to pay levy (usually around 25 to 30 pence per litre) on the undeclared sales;
- **we find that your declaration is incorrect.** Penalties will be equal to the levy due on 0.5% of the volume concerned, the minimum penalty is £60 and the maximum penalty is £600.

## Complaints and Appeals Process

We are committed to giving good customer service and we welcome your feedback because it helps us to improve. We take all complaints very seriously and seek to handle them quickly, sensitively and fairly.

Our complaints and appeals process covers all aspects of our customer services (including inspection visits) as well as all our schemes. Use it to tell us if you are not satisfied with our **customer service** or with a **decision we have made**. Whichever category your issue falls into, we will work with you to try to resolve it satisfactorily.

There are a number of steps which your complaint may go through as we work to resolve it. Most complaints are resolved at the first step.

We will acknowledge receipt of your complaint by telephone. If we are not able to do this we will send an email or letter. We aim to resolve your complaint within 15 working days. If this is not possible, the person dealing with your complaint will identify what action is required and contact you to agree a proposed plan to resolve your complaint, which may include passing it on for further consideration.

**After our complaints review process**, if you are still not satisfied with the outcome, you can:

- Ask your Member of Parliament to raise your complaint about our **customer service** with the Parliamentary and Health Service Ombudsman, who helps to resolve complaints about government departments and other public bodies.
- Appeal against any **decision we have made** that affects your entitlement to, or liability for, payments or your ability to participate in a particular scheme.

To appeal you will need to fill in an *Appeal Form (CA1)*. You can read or print the form and guidance on our website. Or you can ask us to send them to you by calling our Customer Service Centre on 0345 603 7777 or email [csc@rpa.gsi.gov.uk](mailto:csc@rpa.gsi.gov.uk).

Our website details are [www.gov.uk/rpa](http://www.gov.uk/rpa), and select Complaints procedure. You can either fill in the form on screen then print it, or print it and fill it in before you send it to us by post along with a cheque for £100, £250 or £450 depending on the scheme and amount of the appeal. Cheques should be made payable to the Rural Payments Agency.

We will refund this money if your appeal is fully or partly successful.

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## Completing your MQ/15 form – step by step

### Part A – Your details

- (1) Please complete this section in full. If you do not know your Production Licence and/or Processing Approval number(s), please enter 'Not Known'.

If you previously elected to send your form back to us by email then please send from the email address on this form, otherwise we cannot accept it.

- (2) If you have not produced milk during the quota year, tick the 'No' box and enter the date on which you stopped in the box provided. Then cross through the rest of the form, sign the declaration and return it to us.
- (3) If you have produced milk at an address other than the address you entered at (1), tick the 'Yes' box and enter the extra address(es).

If you have only produced milk at the address given at (1), tick the 'No' box.

### Part B – Direct sales made direct to consumers – liable for direct sales levy

This part is about the milk you marketed during the quota year. This includes all milk or milk products leaving your holding, whether sold or given away. Do not enter volumes of bulk whole milk delivered to your purchaser.

All Whole Milk Equivalent (WME) amounts should be declared in litres. The WME is the amount of whole milk used to make a milk product that was then sold or given away. Information on conversion rates and calculating WME can be found at Annex 1 of this guide.

- (4) Enter all direct sales of milk or milk products, including colostrum, which left the holding, whether sold or given away. You should also include any milk or milk products sold on the holding or in a farm shop.

*Do not include wholesale deliveries to purchasers, products that you have made but not yet sold, bought-in milk or products made from bought-in milk.*

If more than one product is produced from an amount of milk, you must declare the WME of the **first product that leaves the holding**, whether it is sold or given away. You may include volumes of both types of product sold in column (a), but please ensure that only one volume of WME is declared in column (b).

*For example:*

- **Cheese and whey**

If you make cheese and all the by-product whey leaves the holding before the cheese, it is the WME of the whey that should be declared. Do not include the WME of the cheese in this or any later declaration.

If some of the whey is sold or leaves the holding in the quota year, only declare the WME for that whey. The remainder of the WME must be declared within the quota year in which the cheese or remainder of the whey is sold or leaves the holding.

- **Skimmed milk and cream**

If you separate your milk into skimmed milk and cream and sell both, only declare the WME of the first product to leave the holding. If you feed skimmed milk to your stock or throw it away, but sell the cream, you **must** declare the WME of the cream sold, not just the volume of cream sold. The same applies if you feed the cream to your stock or throw it away, but sell the skimmed milk – you **must** declare the WME of the skimmed milk.

- (5) Enter the total amount of whole milk or WME of the products shown at question 4, ie the sum of the boxes A, B, C, D and E.
- (6) You must tell us if you have ceased direct sales since 1 April 2014. If so, enter the date on which your last direct sales were made. Do not enter a date if you ceased temporarily, and have since re-started direct sales.

### **Part C – Milk used on your holding – exempt from levy**

If you held more than 4,855 litres of permanent direct sales quota on 1 April 2014, you must declare the amount of milk consumed on your holding during the quota year. This amount is exempt from levy.

- (7) Enter, in litres, the amounts of milk or milk products that were:
  - used for domestic consumption;
  - fed to livestock; or
  - disposed of or wasted on the holding.

In the 'Comments' box, please give a reason for the disposal or wastage (for example, antibiotic milk) and the type of milk, for example, whole milk, skimmed milk, cream.

Any milk or milk product that leaves the holding, for any reason other than for wholesale delivery, whether sold or given away, must be declared at (4).

## Part D – Wholesale deliveries – liable for wholesale levy

You must declare the volume of bulk whole milk that you have delivered to your wholesale milk purchaser during the quota year. Do not enter any other product line.

**If you have not supplied any milk to a purchaser write 'None'.**

- (8) Enter the volume of bulk whole milk that you delivered to your wholesale milk purchaser(s) during the quota year. Include the dates (start and finish) of supply and the butterfat content of those deliveries.

For those purchasers you have not supplied any milk to, write 'None' in the 'volume delivered' column.

**Do not include any direct sales amounts already declared at (4).**

## Part E – Total milk production

- (9) Enter the total amount of milk you produced during the 2014/15 quota year. Remember to include **all** the milk used on your holding (read (4) and (7)) and your wholesale deliveries.

## Part F – Temporary conversion application

- (10) If you think you may have exceeded your quota, whether wholesale or direct sales, you **must** tick the relevant box on the form to apply for a temporary conversion. We will calculate the conversion for you, to minimise your levy liability.

If you do not wish to apply for a temporary conversion, you **must** tick the relevant box on the form.

If you do not apply for a temporary conversion, you cannot apply in retrospect. If you have not requested a temporary conversion, you may incur a levy even if you have unused quota of the other quota type.

**If your MQ/15 is submitted after 14 May 2015 we cannot process your temporary conversion request.**

- (11) If making a conversion from direct sales quota to wholesale quota, and your ongoing butterfat base is over 3.80%, you can ask for the quota to be converted at your ongoing base.

To apply to have your ongoing butterfat base allocated to the converted quota, **you must tick the box** on the form.

**If you do not ask to have your ongoing base applied to the converted quota, we will only be able to carry out a conversion at 3.80%.**

Your ongoing butterfat base can only be applied to your converted quota if the following conditions are met:

- You must be converting from direct sales to wholesale quota.
- Your ongoing butterfat base must be above 3.80%.
- You must be an active wholesale producer holding both direct and wholesale quota.
- If you have acquired direct sales quota since 1994/95, you must have made direct sales against at least 80% of the transferred quota.
- You have not transferred in or out, and/or converted quota to gain an unfair advantage from the regulations.

## Further information

All the information you need to complete the MQ/15 form should be available from your own records. A leaflet detailing the record keeping requirements accompanies these notes.

This guidance is available on our website at [www.gov.uk/rpa](http://www.gov.uk/rpa) following the links to Milk Quotas.

## Data Protection

Defra is the data controller for personal data you give to us or we hold about you. We use it in line with the Data Protection Act. For more information visit our website at [www.gov.uk](http://www.gov.uk), then put 'Personal Data' into the search box.

## Annex 1 – Whole Milk Equivalents (WME)

We have provided some examples below which may help you work out how to calculate the WME of the milk and milk products sold during the quota year. These are examples only. The conversion factor you use to calculate WME is dependant on your own recipe, your wastage and the fat content of your milk.

### How to calculate WME of Milk

The following basic calculation can be applied to calculate WME:

$$\frac{1 \text{ sold litre of milk product}}{\text{Whole milk used in recipe}} = \text{conversion factor for that product}$$

Then:

$$\frac{\text{Litres sold of milk product}}{\text{Conversion factor}} = \text{litres of whole milk used to make milk product}$$

#### **Example 1**

A direct seller sells 144,560 litres of semi-skimmed milk. He feeds the by-product cream to his stock. They know that every litre of semi-skimmed milk sold takes 1.06 litres of whole milk to make it. They then carry out the following calculations:

$$\frac{1 \text{ litre of semi-skimmed sold}}{1.06 \text{ whole milk used}} = 0.943396 \text{ (conversion factor)}$$

Then:

$$\frac{144,560 \text{ skimmed milk sales}}{0.943396} = 153,233 \text{ litres WME (rounded to nearest litre)}$$

#### **Example 2**

A direct seller makes skimmed milk and cream. It is the skimmed milk which leaves the holding first and for which WME must be calculated. They sold 24,667 litres of skimmed milk and know that they use 1.11 litres of whole milk for every litre of skimmed milk made. They then carry out the following calculations:

$$\frac{1 \text{ litre of skimmed sold}}{1.11 \text{ whole milk used}} = 0.900900 \text{ (conversion factor)}$$

Then:

$$\frac{24,667 \text{ skimmed milk sales}}{0.900900} = 27,380 \text{ litres WME (rounded to nearest litre)}$$

### How to calculate the WME of Cream

The conversion factors for cream will vary depending on the fat content of the product made. We would normally expect to see a WME conversion factor of between 3.00 and 14.0 litres per litre of cream made.

The following basic calculation can be applied to calculate the WME of cream:

Litres of cream sold X Conversion factor = WME of cream sold

### Example 3

A direct seller sold 3,460 litres of double cream with a 48% fat content. The by product skimmed milk is fed to stock. They know that it takes 11.5 litres (conversion factor) of whole milk to make 1 litre of their cream. They then carry out the following calculation:

**3,460** litres cream sold X **11.5** = **39,790** litres WME of cream sold

### How to calculate the WME of Cheese

The conversion factors for cheese will vary depending on the type, fat content of the product made and your particular recipe. WME (litres) conversion factors can range from around 0.95 for cottage cheese, around 5.0 to 9.0 for a soft cheese and around 7.0 to 10.0 for a hard cheese per kilogram of product made.

The following basic calculation can be applied to calculate the WME of cheese:

Kilograms of cheese sold X Conversion factor = WME litres of cheese sold

### Example 4

A direct seller sold 51,624 kilograms of a hard cheese with a fat content of 34%. They know that it takes 8.28 litres (conversion factor) of milk to make 1 kilogram of their cheese. They then carry out the following calculation:

**51,624** Kg cheese sold X **8.28** = **427,447** litres WME of cheese sold (rounded to nearest litre)

### How to calculate the WME of Ice Cream

The conversion factors for ice cream will vary depending on the type, added ingredients and the fat content of the milk used in your particular recipe. We would normally expect to see a WME conversion factor of between 1.5 to 4.0 litres of milk per kilogram of ice cream made.

The following basic calculation can be applied to calculate the WME of ice cream:

Kilograms of ice-cream sold X Conversion factor = WME litres of ice cream sold

### Example 5

A direct seller sold 7,562 kilograms of ice cream with a fat content of 7%. They know that it takes 1.7 litres (conversion factor) of milk to make a kilogram of their ice cream. They then carry out the following calculation:

**7,562** kilograms of ice cream sold X **1.7** = **12,855** litres WME (rounded to nearest litre) of ice cream sold

## Other Information

Below are some metric and imperial measures which you may find useful.

1 gallon = 4.54609 litres	1 pound = 0.45359 kg
1 pint = 0.56828 litres	

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