The Electoral Commission

Situations and procedures

Donations and loans: guidance for regulated donees and regulated participants in Great Britain

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Translations and other formats

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Tel: 020 7271 0500

Email: publications@electoralcommission.org.uk

Terms and expressions we use

We use '**must**' when we refer to a specific legal or regulatory requirement. We use '**should**' for items we consider to be minimum good practice, but which are not legal requirements.

You do not have to follow this guidance, but if you do, you will normally be doing enough to comply with the law.

Our approach to enforcement

The Commission regulates political funding and spending in a way that is effective, proportionate and fair. We are committed to providing those we regulate with a clear understanding of their regulatory obligations through our guidance documents and advice service. If you are unsure of how any of the rules apply to you, please call us for advice. We are happy to help, so please get in touch.

We use advice and guidance proactively in order to secure compliance. And we take enforcement action, using our investigatory powers and sanctions, where it is necessary and proportionate to do so in order to meet our enforcement aims and objectives.

If you do not comply with legal or regulatory requirements you or your organisation may be subject to civil or criminal sanctions. You can find more information about the Commission's approach to enforcement at electoralcommission.org.uk/who-we-are-and-what-we-do/our-enforcement-work/enforcement-policy

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Introduction to revised version January 2010

This revised version of the 2006 donations and loans guidance for regulated donees in Great Britain has been updated to reflect changes to the thresholds for reporting donations, loans, and permissibility checks which were introduced by the Political Parties and Elections Act 2009.

In addition, Members of Parliament no longer need to report permissible donations and loans received from 1 July 2009 to us. Instead the Registrar of Members' Financial Interests will pass the relevant information to us so that we can check permissibility and publish details on our registers.

Members still need to report to us directly if they return a donation or end a loan because the donor/lender is not permissible.

For more information please see 'Donations and loans to Members of the UK Parliament'.

Summary

Regulated donees are:

- members of registered political parties
- holders of relevant elective office
- members associations

Regulated donees are subject to controls on the donations and loans that they can accept in connection with their political activities in their capacity as a regulated donee.

Regulated donees must report to the Commission on any donations or loans they accept. Reports must be made within 30 days of accepting the donation or entering into the loan. These reports are published on the Commission's website.

Controlled loans are those received by the regulated donee in their capacity as a donee and with the intention that all or any part of the value of the loan will be used for the donee's political activities.

Political activities

A regulated donee/regulated participant's political activities are:

- for a member of a registered party, activities carried out in connection with their membership of the party
- for a members association, activities it carries out
- for holders of elective office, activities in connection with the holding of office, including both party political and governmental activities

For members of registered parties and members associations, political activities include:

- promoting the election of someone to a position or committee in the party
- promoting the selection of someone as the party's candidate for election
- promoting policies for adoption by the party

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Permissibility

Donations and loans can only be accepted if they come from permissible sources. A permissible donor or lender must be one of the following:

- an individual registered in a UK electoral register (including bequests – donations only)
- a UK registered company which is incorporated in the UK and carries on business in the UK
- a UK registered political party
- a UK registered trade union
- a UK registered building society
- a UK registered limited liability partnership that carries on business in the UK
- a UK registered friendly society
- a UK based unincorporated association that carries on business or other activities in the UK

Funding for overseas visits can come from any source as long as the amount given does not exceed the cost of the trip. However an individual cannot enter into a loan with an unauthorised source for the purpose of funding an overseas visit.

Donations

Regulated donees must report all donations to the Commission – whether in the form of money or goods or services provided without charge or on non-commercial terms – if they exceed the reporting thresholds. Donations over £11,180 to a members association or £2,230 to an individual regulated donee must be declared. Multiple donations from a single source that aggregate to more than the threshold must be reported, as well as aggregating loans and donations from the same source. Reports must be made within 30 days of accepting the donation.

Regulated donees must provide the value of the donation and the name, address and other relevant details of the donor. They must report on any donations they have been given that were returned because the donor was unidentifiable or impermissible.

Loans

Loans and other credit arrangements, including credit facilities and the provision of security or a guarantee on behalf of a regulated donee, must be reported. The same thresholds and rules about aggregation apply to the reporting of loans as to donations.

Regulated donees must provide the name, address and other relevant details of the lender or guarantor. Details of the value, terms and conditions of the loan must also be reported.

Regulated donees must also report any changes to the terms and conditions of existing loans. The changes must be reported as they occur.

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1 Introduction

1.1 Under Schedule 7 of the Political Parties, Elections and Referendums Act 2000 (PPERA), regulated donees are subject to controls on the acceptance and reporting of donations. The Electoral Administration Act 2006 (EAA) added Schedule 7A to PPERA, which subjects regulated participants to controls on the acceptance and reporting of loans. The terms 'regulated donees' and 'regulated participants' are both defined as:

- members of registered parties
- members associations
- holders of relevant elective offices

In this document, 'regulated donees' and 'regulated participants' will both be referred to as 'regulated donees'. Further, the category 'regulated transactions' introduced by Schedule 7A – which comprises loans, credit facilities and guarantees – will be referred to as 'loans'.

1.2 Under Schedule 7 of PPERA, regulated donees can only accept a donation of more than £500 made to them in connection with their political activities if it is from a permissible donor. Donations of more than £500 cannot be accepted if the donor is impermissible, or cannot be identified. Under Schedule 7A, regulated donees can only enter into a loan, credit facility or security arrangement with a value of over £500 for use in connection with their political activities if all parties to the transaction are 'authorised participants'. To comply with the reporting requirements of PPERA, regulated donees must report to the Commission details of the following donations –

Members associations:

- any donations of more than £11,180 accepted from permissible donors
- any donation of more than £500 received from an impermissible or unidentified donor
- new loans entered into with a value of over £11,180 where the other participants are authorised participants
- loans whose terms have changed, including loans that have ended with a value of over £11,180
- loans entered into with a value of over £500 where one or more of the other participants is not an authorised participant
- aggregations of donations and loans of over £11,180

Individual regulated donees:

- any donations of more than £2,230 accepted from permissible donors
- any donation of more than £500 received from an impermissible or unidentified donor
- new loans entered into with a value of over £2,230 where the other participants are authorised participants

- loans whose terms have changed, including loans that have ended with a value of over £2,230
- loans entered into with a value of over £500 where one or more of the other participants is not an authorised participant
- aggregations of donations and loans of over £2,230

1.3 This document has been written to provide guidance to regulated donees on the regulatory framework of Schedules 7 and 7A of PPERA and to assist them in complying with the requirements of the Act. It outlines:

- what constitutes a donation
- what constitutes a regulated transaction
- who can make a donation or enter into a loan
- how to deal with donations and loans
- reporting donations and loans

1.4 Where applicable the appropriate statutory reference is included, showing either the relevant paragraph number (e.g. Schedule 7, Paragraph (10(1))) or the relevant section number (e.g. Section 56 of PPERA). Section numbers that are followed by a letter after them (e.g. Section 71F) were inserted into PPERA by the EAA.

1.5 The guidance cannot substitute for the actual effect of the statute, but represents the Commission's interpretation of the law. The Commission may amend this document on the basis of any future legislation, experience or judicial rulings.

1.6 While this document provides detailed guidance and examples on the application of PPERA, it remains a general guide and inevitably does not cover all circumstances that may arise in relation to the acceptance of donations and loans by regulated donees.

1.7 Guidance on queries not covered in this document can be obtained from:

The Electoral Commission
Compliance & Transparency Team
3 Bunhill Row
London EC1Y 8YZ

Tel: 0333 103 1928
Fax: 020 7271 0505
Email: pef@electoralcommission.org.uk
www.electoralcommission.org.uk

2 Defining regulated donees, donations, regulated transactions and political activities

Regulated donees

2.1 Schedule 7 of the Political Parties, Elections and Referendums Act 2000 (PPERA) defines regulated donees as:

- members of registered parties
- holders of relevant elective offices
- members associations

Schedule 7A defines regulated participants in the same way. This document will use the term 'regulated donees' throughout, as both terms refer to the same people.

2.2 A person is a member of a registered party if they are a member of a political party registered with the Electoral Commission on either the register of political parties for Great Britain or the register of political parties for Northern Ireland.[1]

2.3 An organisation is a members association if its membership consists wholly or mainly of members of a political party registered with the Electoral Commission. Registered political parties and accounting units of registered parties are not members associations and are subject to separate controls.

2.4 An individual is a holder of relevant elective office if they are:

- a member of the House of Commons[2]
- a member of the Scottish Parliament[3]
- a member of the Senedd
- a member of the Northern Ireland Assembly[1]
- a Police and Crime Commissioner
- a member of any local authority in the UK, excluding parish or community councils[4]
- a member of the Greater London Authority
- the Mayor of London or any other elected mayor[5]

[1] Separate guidance is available for regulated donees in Northern Ireland.
[2] Members of Parliament are advised to refer to https://www.electoralcommission.org.uk/media/4139
[3] Members of the Scottish Parliament are only subject to controls on loans if they are also members of a political party.
[4] Local councillors in Scotland are only subject to controls on loans if they are also members of a political party.

2.5 Members associations are organisations which are separate from but may be affiliated with registered parties for example organisations that seek to promote a certain policy within the party.

2.6 Additionally, organisations which are the subject of an Order under Section 26(8)(c) of PPERA should consider whether they fall within the definition of a members association. Organisations specified under such an Order are those with close links to a registered party (for example, they may be referred to in a registered party's constitution) but which are not constituent or affiliated parts of the party.[6]

Example box 1
An organisation comprised of members of the Big Party (which is registered with the Commission) has a specific policy interest in welfare issues and calls itself the Big Party Welfare Society. As the organisation is mainly comprised of members of a registered party, it is a members association and comes within the scope of Schedule 7 and Schedule 7A.

Donations and regulated transactions

2.7 Schedule 7 of PPERA regulates any donation received by a regulated donee which has been:

- offered to them, or
- where the donation has been accepted, retained by them

where the donation is intended for their use or benefit in connection with:

- **a member of a political party**, any of their political activities as a member of that party (Schedule 7, Paragraph 1(3)(a))
- **a members association**, any of its political activities (Schedule 7, Paragraph 1(3)(b))
- **a holder of a relevant elective office**, in connection with any of their political activities as the holder of such an office (Schedule 7, Paragraph 1(3)(c))

2.8 Schedule 7A of PPERA regulates the following transactions involving regulated donees that are undertaken with the intention that any part of the money or benefit will be used in connection with their political activities:

[5] An elected mayor under Part II of the Local Government Act 2000.
[6] See The Registered Parties (Non-constituent and Non-affiliated Organisations) Order 2000 (SI 2000 No.3183) and The Registered Parties (Non-constituent and Non-affiliated Organisations) Amendment Order 2002 (SI 2002 No.414).

- an agreement between the regulated donee and another person by which the other person makes a loan of money (Schedule 7A, Paragraph 2(1))
- an agreement between a regulated donee and another person by which the other person provides a credit facility (Schedule 7A, Paragraph 2(2))
- where the regulated participant has entered into a loan or credit facility and someone other than the donor or lender provides security or a guarantee on behalf of the donee (Schedule 7A, Paragraph 2(3))

2.9 If the person is a regulated donee by virtue of being a member of a political party, only their political activities as a member of that party are relevant for the purposes of deciding whether a transaction is a regulated transaction (Schedule 7A, Paragraph 2(8)(a)).

2.10 As mentioned in paragraph 1.2, throughout this document the term 'loans' encompasses all regulated transactions. See paragraph 3.8 for more on the different types of regulated transactions.

Political activities

2.11 A donation or loan to a regulated donee is regulated **only** if it is made in connection with the donee's political activities in their capacity as a regulated donee. The Commission's interpretation of this definition in relation to each type of regulated donee is set out below.

Members of registered parties

2.12 The political activities of a member of a registered party are those that are carried out in connection with their membership of the party, for example, activities which are undertaken as a result of the individual's membership of the party. This definition does not include the political activities of officers of a political party in their capacity as party officers, which should be treated as donations to the party itself.

2.13 Examples of a member of a registered party's political activities specified in PPERA include:

- promoting or procuring the election of any person to any position in the party or to any committee in the party
- promoting or procuring the selection of any person as the party's candidate for election to a relevant office
- promoting or developing policies with a view to their adoption by the party

Example box 2
A member of a registered party decides to seek election as that party's candidate for a local government election. He is given a small donation to cover the cost of producing a letter to be sent to local party members outlining what he would do if selected as the party's candidate. This is a donation in connection with his political activities as a party member.

A member of a registered party wishes to promote the adoption of certain environmental policies by her party. She produces a leaflet to distribute at a party meeting, the cost of which is met by an environmental organisation. This is a donation in connection with her political activities as a party member.

Members associations

2.14 The political activities of a members association include those activities specified in paragraph 2.13 above, for example promoting or developing policies for adoption by a party or promoting candidates for internal office within the party.

2.15 For the purposes of deciding whether an event held by a members association is part of its political activities, it does not matter whether the audience of the event includes or excludes members of the political party.

2.16 Members associations should confirm with the Commission or through independent legal advice whether any other activities undertaken by them fall within the definition of political activities.

Example box 3
A pro-Europe organisation affiliated to a political party hosts a conference at which leading business people and politicians advance the case for closer ties with Europe. The event is targeted at leading figures within the party and is held exclusively for party members. It is sponsored by a non-party organisation.

The contribution to the cost of hosting the event is a donation to the members association in connection with the organisation's political activities.

Holders of relevant elective office

2.17 The political activities of holders of relevant elective office include both party political activities and those concerned with government. Political activities could include making a party speech on a certain issue in the institution where the regulated donee holds office, or undertaking visits in an office holder's constituency.

Example box 4

A Member of the Senedd hosts a meeting to bring together representatives of businesses, community groups and councillors from his constituency. In order to host the event, he is given a donation from the one of the businesses represented at the event. This is a donation to him in connection with his political activities.

A group of councillors representing the same party are invited to Germany as the guests of a German party with similar policies, in order to gain an understanding of how regional government works in Germany. This should be treated as a donation to the councillors in connection with their political activities.

3 Types of donations and loans

Donations

3.1 Any of the following should be treated as a donation if its value is more than £500 (Schedule 7, Paragraph 2(1)):

- a gift of money or other property (including from a bequest), for example:
  - a cash donation
  - a photocopier
  - a bequest
- sponsorship provided to a regulated donee in relation to the following:
  - a meeting or other event hosted by or on behalf of the donee (e.g. a drinks reception hosted by a Member of the Scottish Parliament (MSP) for their constituents or a policy forum hosted by a members association to debate future party policies)
  - a document produced by or on behalf of a regulated donee (e.g. a leaflet produced by a party member to support their bid to win selection as a party's candidate for a seat)
  - research undertaken by or on behalf of a regulated donee (e.g. research into the views of party members on a particular policy issue)
- money spent (other than by the regulated donee) paying their expenses which is not reimbursed, for example the payment of a donee's monthly office rental cost
- the provision other than on commercial terms of property, services, or facilities for the use of a regulated donee, for example:
  - office space provided to a donee without charge
  - provision by an employer of an individual to work for a regulated donee at no cost to the donee
  - a 50% discount offered to a regulated donee when purchasing new office equipment

We have reviewed our approach to sponsorship donations. Our new guidance on sponsorship will apply to sponsorship accepted from 1 January 2027 onwards.

You may wish to familiarise yourself with the guidance, so that you are prepared to apply the new approach.

You should continue to use our current sponsorship guidance which will apply to sponsorship accepted up until the end of 2026.

Overseas visits

3.2 In addition to the types of donations listed above, regulated donees should treat as donations the cost of any overseas visits undertaken in connection with their political activities. Guidance on overseas visits can be found in paragraphs 4.13-4.16.

Commercial transactions

3.3 There is no requirement to treat any payment made on commercial terms as a donation, for example where a regulated donee provides services to an individual or organisation and receives payment for the provision of these services. This applies to any services a donee may provide in their private capacity (e.g. legal services) or to any services in connection with their political activities (e.g. giving a speech).

3.4 However, where a regulated donee provides services, and the payment received by the donee is greater than the value of the services provided, then the excess payment should be regarded as a gift (Schedule 7, Paragraph 2(2)).

3.5 In case of doubt as to whether or not payments have exceeded the market value of the services provided, the regulated donee is advised to obtain three commercial quotes for the same service. The average of these quotes should be taken to be the value of the service. A donation is only made if the difference between the value of the service and the price paid exceeds £500.

Example box 5
A members association seeks to promote the interests of professionals in the health service, and is asked by an independent think tank to produce a four-page contribution for a document bringing together the views of different stakeholders about the NHS. The association is paid a £750 fee for producing the article.

Since the payment is made in respect of work undertaken by the members association it is not treated as a donation.

Payments that are not donations

3.6 Certain payments and services which are provided to regulated donees are not treated as donations, and are exempt from the requirements of PPERA (Schedule 7, Paragraph 4(1)–(3)).

3.7 These payments/services are:

- the provision of any facilities provided to a candidate in accordance with any enactment, for example, a free post facility

- the provision of assistance to a holder of local elective office by a person employed to provide support to a political group on a council7
- the provision by an individual of their services voluntarily and in their own time, for example a party member who uses their weekends to manage another member's campaign to be selected as a party office holder
- any interest accruing to a regulated donee from a donation dealt with in accordance with PPERA, for example interest arising from a donation held in a bank account, but which is subsequently returned because the donor is an impermissible donor
- any money or other property, service or facility provided out of public funds for the personal security of an individual regulated donee
- any remuneration or allowances paid to the holder of an elective office in their capacity as such, for example payment of travel allowances to a local councillor
- any donation which is to be included in a candidate's election expenses return as per Schedule 2A to the Representation of the People Act 1983 (RPA) (i.e. a donation to someone in their capacity as a candidate rather than a regulated donee)
- **any donation worth £500 or less**

Loans

3.8 Regulated transactions are defined by PPERA (Section 71F) as:

- a loan to a regulated donee, for example:
  - a mortgage owed to a bank on an MSP's constituency office
  - the loan of cash by a supporter to pay for a party member's leadership campaign
- a credit facility extended to a regulated donee where the donee can draw on a loan of money not exceeding an agreed amount, for example:
  - a bank overdraft
  - a credit card

where, when the loan is taken out, it is intended that any part of the money or benefit will be used in connection with the donee's political activities.

3.9 It is the existence of a credit facility and not its use which constitutes the regulated transaction.

3.10 If **any** part of the value of a loan is used in connection with the regulated donee's political activities, it is a regulated loan. **This includes loans taken out for any other purpose** (e.g. a personal credit card), any part of which is used in connection with the donee's political activities as long as it was the donee's intention in taking out the loan that it would be used for those activities.

[7] A person appointed under Section 9 of the Local Government and Housing Act 1989.

3.11 Another type of regulated transaction under PPERA is a 'connected transaction' (Section 71F(9)). This refers to the provision of security on behalf of a regulated donee where any part of the money or benefit from the original transaction is used in connection with the donee's political activities, for example:

- a supporter provides a personal guarantee to a bank to repay a members association's mortgage if they are unable to do so
- a supporter gives a supplier a charge against their own property if a regulated donee fails to meet their trade credit agreements

Transactions that are not regulated

3.12 The following are not regulated transactions:

- the provision of trade credit for the purchase of goods or services from a merchant where no cash is made available to the regulated donee
- finance leases where a regulated donee pays for equipment over an extended time period where it does not involve a credit facility (see Appendix A 'Glossary')
- **any transactions with a value of less than £500**
- the loan of property other than money (though this may be considered a donation)

3.13 It should be noted that connected transactions can arise from transactions that are not regulated. For example, if a supporter provides a guarantee so that a regulated donee can receive trade credit, this would be a regulated connected transaction if its value exceeded £500.

The value of a regulated transaction

3.14 The value of the transaction should be calculated as follows (Section 71G):

- for a loan, the total amount to be lent under the loan agreement (not including interest)
- for a credit facility, the maximum that can be borrowed under the facility
- where an individual has provided a guarantee or security on behalf of a party, the maximum amount the individual could be liable to pay

The value does not include a calculation to take account of any provision for interest to be added on to the capital outstanding on the loan, rather than being repaid.

4 Permissible donors, lenders and donations

4.1. The Political Parties, Elections and Referendums Act 2000 (PPERA) specifies a list of individuals and organisations that are permissible donors for the purposes of accepting a donation and authorised participants for the purposes of loans. The legislation also identifies other types and sources of donations, which can be accepted by regulated donees.

4.2. To avoid confusion, 'authorised participants' will be described as 'permissible lenders' throughout this document. This means the term 'lender' also includes someone who provides a guarantee or other security on behalf of a regulated donee.

4.3. **It is the legal responsibility of a regulated donee when receiving a donation to take all reasonable steps to satisfy themselves that the source of a donation is permissible within the relevant PPERA rules**. If a donation is received from an impermissible source, it must be returned within 30 days (Schedule 7, Paragraph 8). After this time, it is a criminal offence to retain the donation, with a potential penalty of a fine and up to one year in prison (see Appendix B, 'Penalties'). Additionally, a sum equivalent to the value of the donation may be forfeited (Schedule 7, Paragraph 8). If a donation is returned because it was impermissible, the return of the donation must be reported to the Commission. Regulated donees must have robust procedures in place to ensure that they are able to complete the required checks within the 30-day time frame allowed by the legislation.

4.4. **Regulated donees must not enter into loans with impermissible lenders. No 30-day period exists for the regulated donee to check the status of the lenders.** Regulated donees should carry out all checks on the status of lenders before entering into the loan. Entering into a loan with an impermissible lender may be a criminal offence. Such a transaction is void. More information on the treatment of impermissible loans can be found in paragraph 6.33.

Permissible donors and lenders

4.5. Regulated donees can only accept a donation or loan as defined in Chapter 3, 'Types of donation and loan')with a value of more than £500 if it is from one of the following:

- an individual registered on a UK electoral register (including bequests – donations only)
- a UK registered company which is incorporated in the UK and **carries on business** in the UK

- a Great Britain registered political party[8]
- a UK registered trade union
- a UK registered building society
- a UK registered limited liability partnership that **carries on business** in the UK
- a UK registered friendly society
- a UK based unincorporated association that **carries on business or other activities** in the UK (Schedule 7, Paragraph 6(1))

4.6. Paragraph 6.6 provides details about how to check whether or not an individual or organisation is a permissible donor or lender.

4.7. A regulated donee can accept a donation in the form of a bequest if the individual leaving the bequest was on the electoral register at any time in the five years before their death.

4.8. **Except for the sources of donations specified below, a donation of more than £500 cannot be accepted if it is from any individual or organisation that does not fall into one of the categories above, or if the donation is from a source that cannot be identified** (e.g. a cash donation of £550 given to a regulated donee anonymously).

4.9. **A loan cannot be entered into unless all parties to the transaction are permissible lenders.** This includes not just the lender in a transaction, but also any individual or organisation who guarantees or otherwise provides security on behalf of the regulated donee.

4.10. For the avoidance of any doubt, **local councils are not permissible donors or lenders.** Regulated donees may not accept donations or loans, including the use of council facilities at a reduced rate, from any local council.

4.11. If a loan or credit facility was entered into before 11 September 2006, it is not a requirement that the other participants in the transaction must be permissible. However, if the terms of the loan or facility change after that date, regulated donees should consider whether the transaction has changed enough that it should be considered a new transaction to which the permissibility rules apply.

Other types of permissible donation

4.12. The following exceptions to the above rules apply only to donations and not to loans.

[8] Northern Ireland parties are not included as permissible donors because of the different rules on donations which they are subject to.

Overseas visits

4.13. The legislation takes into account that as part of their responsibilities an individual regulated donee or a member or officer of a members association may undertake overseas visits, the costs of which are met by an individual or organisation which is not a permissible donor as defined by PPERA. PPERA therefore provides that regulated donees can accept donations from individuals and organisations that are not permissible donors, **provided that the purpose of the donation is to meet the costs of an overseas visit** (Schedule 7, Paragraph 7(3)).

4.14. A donation provided to a regulated donee to meet the cost of an overseas visit is regarded as a donation from a permissible donor if it is made to meet 'qualifying costs' (i.e. travel, accommodation or subsistence costs) incurred during a visit made in connection with the regulated donee's political activities (Schedule 7, Paragraph 7(3)). The legislation specifies that any donation to meet the cost of an overseas visit should only be treated as a donation from a permissible source to the extent that it does not exceed a reasonable amount in respect of such costs. In the Commission's view, a reasonable amount would not significantly exceed the likely cost of the visit.

4.15. In cases where regulated donees do not receive a cash donation to meet the cost of a visit because the costs are met by the host organisation or individual, they should calculate the notional value of the trip, based on the equivalent commercial travel and accommodation costs.

4.16. In line with the reporting requirements for permissible donations, a donation to an individual regulated donee to meet the cost of an overseas visit should be reported to the Commission if it exceeds £2,230.

Example box 6
An officer of a members association which favours UK take-up of the euro and campaigns to promote the adoption of this policy by the relevant party travels to a number of European countries to meet business leaders. The cost of the trip is met by a Brussels-based think tank.

The cost of the visit should be treated as a donation to the members association.

Trusts

4.17. Regulated donees can accept donations made by trusts that meet certain permissibility requirements specified by PPERA. There are two types of exempt trusts from which regulated donees can accept donations: UK pre-1999 exempt trusts and UK permissible donor exempt trusts (Schedule 7, Paragraph 7(5)).

Pre-1999 exempt trusts

4.18. A trust falls into this category if it meets the following criteria:

- it was created before 27 July 1999; and
- no property has been transferred to the trust since that date; and
- the terms of the trust have not varied since that date

4.19. Trusts created before 27 July 1999 are not exempt trusts if property has been received into the trust or the terms of the trust have been changed since 27 July 1999 (but see the information on permissible donor exempt trusts below).

Permissible donor exempt trusts

4.20. A trust falls into this category if it meets the following criteria:

- it was created by a person who was a permissible donor under PPERA at the time the trust was created; and
- no property has been transferred into the trust other than by a person who was a permissible donor under PPERA at the time of the transfer.

4.21. Permissible donor exempt trusts may have been created before or after 27 July 1999. A trust cannot be a permissible donor exempt trust if it has received funding from an impermissible or unidentifiable source.

Other types of trust

4.22. In addition, regulated donees are able to accept donations from trustees acting on behalf of beneficiaries of a trust, if the beneficiaries of the trust (i.e. the donors) are permissible donors (Schedule 7, Paragraph 7(6)).

5 Clarifying to whom a donation or loan is made

5.1 The Political Parties, Elections and Referendums Act 2000 (PPERA) and other electoral law (e.g. the Representation of the People Act 1983 (RPA 1983)) regulate donations and loans to political parties, members of political parties, holders of elective office and candidates.

5.2 A loan is made to the person who is responsible for repaying it. So determining who should report a loan should be relatively straightforward. It may, however, be necessary for individual regulated donees to determine the capacity in which they have received a loan (see paragraph 5.9 onwards).

5.3 In some cases where a donation is given to an individual, there may be some uncertainty about the capacity in which they are receiving the donation or loan, i.e. as a candidate at an election, as a Member of the Senedd (MS), Member of the Scottish Parliament (MSP) or other holder of office, as a member of a registered party or on behalf of the party itself.

5.4 In terms of compliance with the PPERA regulatory framework, it is more important that a relevant donation or loan is reported, rather than how it is reported. Once it has been reported to the Electoral Commission, we will consider the nature and purpose of the donation or loan to determine whether the donation or loan has been reported correctly. However, the following sections provide guidance as to how a donation or loan should be categorised.

Determining whether a donation is to the party or to the individual

Donations to a constituency party

5.5 There may sometimes be uncertainty as to who the actual recipient of a donation is, for example it may have been given to a constituency party, or to that constituency's MSP.

5.6 There is no requirement for an MSP and their constituency party to submit separate reports of the same donation, since a donation will have been made either to the MSP or to their local party. It may therefore be necessary to clarify with the donor what the donation was to be used for. If the donor intended the donation to be used by the constituency party, then it is the responsibility of the party to report the donation. However, if the donor intended the donation to be used specifically for the

benefit of the MSP, then the MSP is responsible for reporting the donation, **even if the donation was made via the party**.

5.7 The reporting requirements for MSPs and parties are different, since donations to branches of political parties are regulated under Part IV of PPERA rather than under Schedule 7. Political parties submit quarterly donation returns detailing donations of more than £11,180 that have been accepted by the party headquarters, and donations of more than £2,230 that have been accepted by the party's accounting units. Regulated donees only need to report loans made in connection with their political activities, whereas parties must report all loans received that are above the reporting threshold.

Example box 7
A party supporter gives £2,500 to the local party to help fund the refurbishment of the constituency office. This should be treated as a donation to the party and therefore reported by the local treasurer.

If a party supporter gives a donation of £2,700 specifically for the purpose of helping a Member of the Senedd (MS) to purchase equipment for her own office, this must be treated as a donation to the MS rather than to the party, so the MS must submit a donation report to the Commission.

Donations to the central party

5.8 A holder of elective office who also holds a position in their party will need to determine whether a donation is being made to them as the holder of that elective office or as an office holder of that party. It may be the case, for example, that an individual MS or MSP benefits from a donation that is provided to a specified post in the party, and that if they moved to another post within the party the person who succeeds them would receive the donation instead. In such circumstances the donation should be treated as a donation to the party rather than the particular MS or MSP (Section 50(6)).

Example box 8
A supporter meets the cost of hiring and re-fitting a bus for the party leader to use in promoting the party. This should be treated as a donation to the party, since the intention is to assist the party leader in his role as leader, rather than in his capacity as an MSP.

If, however, the party leader receives a donation from a constituent for the purpose of helping him to undertake his constituency duties, this should be treated as a donation to him as an MSP.

A group of MSPs who comprise a party's shadow health team receive assistance from an employee seconded to the team by a pharmaceuticals firm. The employee undertakes work only in connection with the MSPs' work on the shadow health team and is based for part of the week in each MSP's office, depending upon the specific tasks arising from the team's work.

In this example, this is a donation to the party, rather than to each individual MSP in the team. The donation should be calculated by reference to the employer's business rates (i.e. if the employer is a consultancy firm, calculated on the basis of the employer's normal charge out rate, or based on the employee's salary and allowances) for the duration of the time the employee works for the shadow health team.

Donations to a candidate

5.9 Holders of elective office seeking re-election may receive donations made specifically to assist them in running their election campaigns. A donation or loan made to a person in this capacity should **not** be reported by the individual under Schedule 7 or 7A of PPERA. Instead, a donation for the purpose of helping an individual to fight their campaign should be treated as a donation to them as a candidate, not as a regulated donee.

5.10 'Elective office' in this case does not include internal party offices such as party leader. Donations made to an individual to support their campaign for an internal party office must be declared as donations or loans under Schedule 7 or 7A (see paragraph 5.14).

5.11 A donation to a candidate is one made for the purpose of helping a candidate to meet their election expenses, after the point at which the person is legally regarded as a candidate (i.e. the date of dissolution of Parliament at UK Parliamentary or Scottish Parliamentary elections, or the last date for publication of notice of election at all other elections) (Section 71A, RPA 1983).

5.12 Candidates at all elections (excluding parish or community elections) are required to give details in their election expenses returns of all donations **of more than £50** which are made to help them meet their election expenses.

Example box 9
A constituent gives an MS a donation specifically to help her manage her re-election campaign. The purpose of the donation is to assist the candidate in purchasing election posters with her name on them.

The donation should therefore be treated as a donation to a candidate, since it was made and used by the individual in her capacity as a candidate, to meet her election expenses, rather than in connection with her activities as an MS. The donation must be reported in the election expenses return regardless of whether the MS is re-elected.

Determining whether a donation or loan is made to a member of a registered party

5.13 An individual may receive a donation or loan in their capacity as a member of a registered party, rather than in their capacity as a holder of elective office, or on behalf of the party.

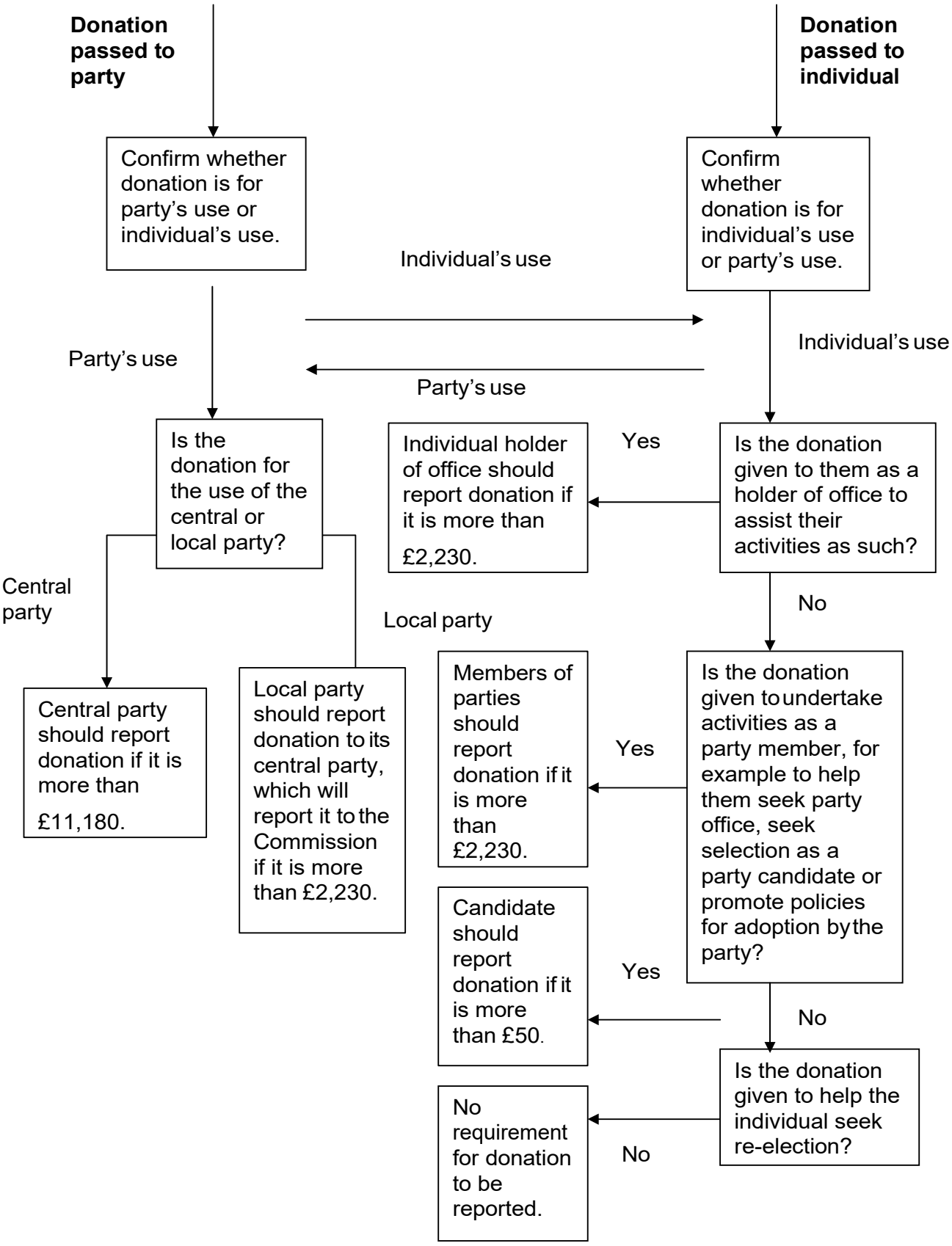
5.14 Controls on donations and loans apply to an individual who is a member of a registered party where, for example, they are promoting the selection of any individual as the party's candidate for an election or promoting the election of any person (including themselves) to any position or committee within the party.

5.15 Members of registered parties are subject to the same reporting requirements as other individual regulated donees, i.e. all donations and loans of more than £2,230 should be reported to the Commission within 30 days of the date of acceptance of the donation or entry into the loan.

Example box 10
A sitting MSP is given a donation to help fund a letter to be sent to members of her local party outlining her case for re-selection as the party's candidate for the constituency. This should be treated as a donation to the MSP in her capacity as a member of the registered party rather than as an MSP, and this should be indicated on the relevant report form.

A party leader resigns in Wales and a leadership contest is held to elect a new leader. Each of the sitting MSs standing for leadership of the party receive donations from their supporters. These donations should be treated as donations to the MSs in their capacity as members of a registered party rather than in their capacity as MSs.

Figure 1: Clarifying to whom a donation is made



6 Dealing with donations and loans

6.1. For the purposes of reporting donations, it is important to be clear about the distinction between the date of receiving a donation (i.e. the date on which a regulated donee takes receipt of a donation) and the date of acceptance of a donation (i.e. the date on which the donee decides that they will keep the donation rather than return it).

6.2. For the purposes of a loan, a regulated donee should record the date they enter into the loan or arrangement. If the terms of the loan are changed at any time the regulated donee should record the date the terms were changed.

Receiving a donation

6.3. On receipt of a donation, a regulated donee is required to deal with it in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000 (PPERA).

6.4. A regulated donee receives a donation on the date that they take actual possession of the donation. For example where a donation is provided in cash the date of receipt is the date on which the cash is physically received by the donee. If you are given a cheque, you receive the donation on the date that the cheque clears.

6.5. If a donation is transferred directly into your bank account, you receive the donation on the date that it is received into your account (Section 56(6)).

Verifying permissibility

6.6. On receipt of a donation, a regulated donee should decide whether or not there is any reason why the donation should be immediately refused, for example the donation is from an unidentifiable source. If the donation is not immediately returned, a donee has 30 days in which to decide whether or not to accept a donation. This 30-day period from the date of receipt should be used to ascertain whether the donor is permissible (Section 56).

6.7. A regulated donee should check whether the lender is permissible **before** entering into a loan. This includes checking the permissibility of anyone who provides a guarantee or security on behalf of the regulated donee to the lender.

6.8. In order to determine if a donor or lender is permissible, regulated donees must confirm that the individual or organisation making the donation is registered in

the UK. Table 1 outlines the relevant legislation under which a UK donor or lender must be registered in order to be permissible.

Table 1: Checks on UK donors and lenders

Type of permissible donor	Register/legislation/Order under which they must be registered to be permissible
Individual	Either a register of Parliamentary or local government electors maintained under the RPA 1983
Company	The Companies Act 2006, incorporated in the UK, and carrying on business* in the UK.
Registered party	The Great Britain register of political parties maintained by the Electoral Commission under Part II of PPERA.
Trade union	The list maintained under the Trade Union and Labour Relations (Consolidation) Act 1992 or the Industrial Relations (Northern Ireland) Order 1992.
Building society	A building society within the meaning of the Building Societies Act 1986.
Limited liability partnership	The Limited Liability Partnerships Act 2000, and carrying on business in the UK.
Friendly society	The Friendly Societies Act 1974, the Co-operative and Community Benefit Societies Act 2014 or the Industrial and Provident Societies Act (Northern Ireland) 1969.
Unincorporated association	An association of two or more people which carries on business or other activities in the UK and whose main office is in the UK.

Note: * For further guidance on the interpretation of carrying on business, see from paragraph 6.20.

UK individual donors

6.9. The Electoral Administration Act 2006 (EAA) introduced measures to allow individuals in Great Britain to have an anonymous entry on the register of electors. This means that their names and addresses will not appear on any version of the register. Individuals who are anonymously registered will be entitled to receive written confirmation of this from their local Electoral Registration Officer. Where a person is anonymously registered, the regulated donee should ask to see this written confirmation to confirm the person's permissibility as a donor or lender.

6.10. Even where a person is an anonymously registered elector, if they give a regulated donee a reportable donation or loan, their name will appear on the Commission's public register. However, as is the case with all donations and loans from individuals, their address will not appear on the register.

Overseas voters: advice on proposed changes to the law

The UK Government has announced that it plans to introduce a £100,000 annual cap on donations and loans from overseas voters. The Government's intention is for this to apply retrospectively to any donations received or loans entered into from 25 March 2026 onwards. These measures would be introduced as part of the Government's Representation of the People Bill.

The cap would apply to all donations and loans made by an overseas voter, not just those to a single recipient. This means that an overseas voter could not make more than a total of £100,000 in donations and loans to any regulated entities in a calendar year. Donations and loans to Northern Ireland-registered parties from Irish citizens would not be affected.

The Government's intention is to apply this to donations to parties; non-party campaigners; elected office holders; party members and members associations; recall petition and referendum campaigners; and candidates (subject to legislative consent in Scotland and Wales).

Once the proposed changes to the law come into force, recipients would have 30 days to return any donations received or end any loans entered into on or after 25 March 2026 which exceed the £100,000 annual cap.

No changes have yet been made to the law. Our guidance continues to reflect the law as it currently stands. However, you may wish to consider taking action now so that you are prepared for any future changes to the law, including:

- Identifying and recording which donations and loans have been made by overseas voters. Overseas voters are identified on the electoral register. If you do not have access to the electoral register, you may wish to seek this information from donors when checking they are permissible.
- Checking registers of reported donations and loans to identify whether any overseas donor may have donated or lent more than £100,000 in each calendar year
- Ensuring you have up to date contact details for overseas donors, so you can contact them to seek any declarations required
- Ensuring that you retain sufficient resources to return donations or end loans from overseas voters if required

This advice is provisional, based on the information that is currently available about these proposals. We will update this advice note once the Government publishes additional information. For further information, please see this ministerial written statement or contact MHCLG.

UK registered companies

6.11. The following paragraphs provide parties with further guidance about determining the permissibility of donors and lenders that are UK registered companies. The guidance from paragraph 6.21 can also be applied to other organisations that are required to be carrying on business or activities to be permissible donors such as UK unincorporated associations.

Registration and incorporation

6.12. A company is permissible if it is:

- registered under the Companies Act 2006,
- incorporated in the UK, and
- carrying on business in the UK

6.13. You should make sure that the company meets all three criteria.

How do you check a company's registration and incorporation?

6.14. You should check a company's registration on Companies House.

6.15. You should look at the full register entry for the company, in particular checking what type of company it is and where it was incorporated.

6.16. Not all companies listed on the Companies House website are permissible donors under electoral law. These companies may not be registered under the Companies Act 2006 (for example, Royal Charter companies) or not operating in the UK, or they may be incorporated in another country. It is important for you to be satisfied that your donor or lender is permissible. For example, a company which is incorporated in another country but has a branch registered and operating in the UK would not be permissible.

6.17. The types of company that are registered under the Companies Act 2006 include:

- Public limited
- Private limited
- Private unlimited

6.18. Companies previously registered under the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 should be treated as though they were formed and registered under the Companies Act 2006.

6.19. Royal Charter companies that have registered under the Companies Act 2006 will appear as one of the types of company listed above. These companies may also have another record with Companies House. We recommend that you check

whether there are any other records which may be related to a Royal Charter company.

6.20. Companies incorporated in the Channel Islands, Isle of Man or Gibraltar are not permissible, as they are not incorporated in the UK.

How do you check if a company is carrying on business in the UK?

6.21. In order to be a permissible donor or lender, a company must also be carrying on business in the UK.

6.22. The term 'business' includes trades, professions and occupations. This includes all commercial activity, such as the buying and selling of goods or the provision of services. The business can be non-profit making.

6.23. Even if you have direct personal knowledge of the company, you should check the Companies House register to see if:

- the company is in liquidation, dormant, or about to be struck off
- the company's accounts and confirmation statement are overdue

6.24. A company may still be carrying on business if it is in liquidation, dormant or late in filing documents, but you should make extra checks to satisfy yourself that this is the case.

6.25. For any company, you should consider looking at:

- the company's website
- relevant trade, telephone directories or reputable websites
- the latest accounts filed at Companies House

6.26. If you are still not sure if the company is carrying on business in the UK, you should ask for written confirmation of its business activities from the company's directors.

Accepting a donation

6.27. If a donation has not been returned after 30 days, it is deemed to have been accepted (Section 56). This means that if a regulated donee cannot establish within the 30-day period that the donor is permissible, it is recommended that the donation be returned.

6.28. Having confirmed that the donation is from a permissible source, regulated donees should ensure that they record the relevant information about the donation, to enable them to maintain accurate records of donations and to submit a report to the Commission as required. The relevant information for each type of permissible donor is given in Chapter 7 'Recording and reporting donations'.

Returning a donation

6.29. Where a donation is received from an impermissible source, or if a regulated donee decides not to accept a donation, it should be returned to the donor or to any person acting on the donor's behalf within 30 days of receipt (Section 56). Interest accruing from retaining a donation until it is returned does **not** fall to be treated as a donation (Schedule 7, Paragraph 4(1)(d)).

6.30. Where a donation is received from an unidentifiable source, the donee must return the donation to either:

- the person who transferred the donation to the donee, if identifiable
- the financial institution used to transfer the donation, if identifiable
- in any other case, the Commission (which will transfer the donation to the government's Consolidated Fund)

6.31. Where a donation is received from an impermissible or unidentifiable donor, the regulated donee must record details of the donation. Guidance on the information required is given in Chapter 7, 'Recording a donations and loans'.

Donations from multiple donors

6.32. Where a donor makes a donation on behalf of themselves and one or more other donors, each individual contribution of more than £500 is treated as a separate donation from each person. For each separate donation, the principal donor must ensure that the regulated donee has the relevant information about the donor (Schedule 7, Paragraph 6(2)–(3)).

Donations from an agent of the donor

6.33. In some cases, an individual or organisation may act as an agent in facilitating a donation to a regulated donee, for example where a donor transfers a donation to an agent, who then transfers the donation to the donee. Where a person acts as an agent in making a donation, they must ensure that the donee is given all the relevant information as given in Chapter 7, 'Recording and reporting donations and loans' (Schedule 7, Paragraph 6(4)). Transferring a donation to an agent rather than directly to a regulated donee must not be used as an attempt to evade the controls on permissibility and transparency.

Small donations and loans

6.34. Gifts or loans of £500 or less are outside the scope of PPERA and there is no requirement for regulated donees to check the identity of individuals or organisations making gifts or loans of this size. However, donees should be aware of circumstances in which it appears that a donor or lender may be attempting to evade the regulatory framework of PPERA, for example where six donations of £499 are received in similar circumstances from what appears to be the same source, or where an impermissible lender makes numerous loans of £490. In cases of doubt, donees should contact the Commission, return the relevant donation or not accept the loan.

6.35. **Important:** it is an offence to attempt to evade the controls on donations and loans.

Loans from an impermissible lender

6.36. If a regulated donee enters into a loan with an impermissible lender a criminal offence may have been committed and the transaction is void. Any money received by the donee as a result of the loan must be repaid. The donee may also have to pay interest to the lender at a rate set by the Secretary of State. It is also an offence not to repay a loan once it has been determined to be impermissible. Further information about criminal offences and penalties can be found in Appendix B, 'Penalties'.

6.37. It is thus important that a regulated donee checks the permissibility of a lender **before** entering into a loan, credit facility or guarantee arrangement.

6.38. If a regulated donee has received a loan from an individual or organisation that was a permissible lender at the time the loan was made but later is no longer permissible, the transaction is void with effect from the time the lender ceased to be permissible and the donee must repay any outstanding money to the impermissible lender.

7 Recording and reporting donations and loans

7.1 Regulated donees must report all donations and loans they receive that are over the relevant reporting threshold within 30 days of accepting the donation or entering into the loan. Various rules on the aggregation of donations and loans from the same source apply, including the aggregation of donations and loans together. Aggregated loans and donations are reported when the aggregation exceeds the reporting threshold.

Recording donations

7.2 Regulated donees are required to report details to the Electoral Commission of any of the following donations:

- **members associations**: donations of more than £11,180 which are accepted from a permissible donor
- **individuals**: donations of more than £2,230 which are accepted from a permissible donor
- **all regulated donees**: donations of more than £500 which are received from an impermissible donor
- **all regulated donees**: donations of more than £500 which are received from an unidentifiable donor (Schedule 7, Paragraphs 10(1) and 11(1))

The reporting form to be used by regulated donees to report a donation to the Commission can be found on our website at https://www.electoralcommission.org.uk/i-am-a/other-regulated-individuals-and-organisations.

7.3 In order to report the donations listed above, the following information must be provided to the Commission:

Permissible donations

7.4 Where a regulated donee accepts a donation of more than £500 from a permissible donor, they should record the following information (Schedule 7, Paragraph 10(3)–(4)):

- the amount or nature and value of the donation
- the full name of the donor
    - the registered address of the donor

  - in the case of individuals, the address at which the donor is registered to vote
  - in the case of a donation from a bequest, the address at which the donor was last registered to vote in the five years before their death
  - in the case of an individual who is anonymously registered, a statement to this effect
- where the donor is a company, the company registration number
- the date on which the donation was received
- the date on which the donation was accepted

7.5 Where the donation is from a trust, the following information should be recorded.

Pre-1999 exempt trusts:

- the amount or nature and value of the donation
- the date on which the trust was created
- the full name of the person who created the trust
- the full name of every person who transferred property to the trust before 27 July 1999
- the date on which the donation from the trust was received
- the date on which the donation was accepted

Permissible donor exempt trusts:

- the amount or nature and value of the donation
- the name and registered address of the permissible donor who created the trust and, in the case of a company, the registration number
- the name and registered address of all the permissible donors who have transferred property to the trust and, in the case of a company, the registration number
- the date on which the donation from the trust was received
- the date on which the donation was accepted

Overseas visits

7.6 Where the donation is made in relation to an overseas visit, the following information should be recorded:

- the amount or nature and value (or estimated value) of the donation
- the date(s) on which the visit took place
- the destination and purpose of the visit
- the full name and address of the donor

Impermissible donations

7.7 Where a regulated donee receives a donation of more than £500 from an impermissible source, they must record the following information (Schedule 7, Paragraph 11(3)):

- the amount or nature and value of the donation
- the name of the donor
- the address of the donor
- the date on which the donation was received
- the date on which the donation was returned and the manner in which it was dealt with (i.e. the person or institution to whom it was returned)

Donations from unidentifiable sources

7.8 Where a regulated donee receives a donation of more than £500 from a donor who cannot be identified, they must record the following information (Schedule 7, Paragraph 11(4))

- the amount or nature and value of the donation
- details of the manner in which the donation was made
- the date on which the donation was received
- the date on which the donation was returned
- the manner in which it was dealt with (i.e. the person or institution to whom it was returned)

Reporting donations

7.9 Relevant donations must be reported to the Commission within 30 days of the date on which the donation was accepted or returned (Schedule 7, Paragraphs 10(1) and 11(1)). See https://www.electoralcommission.org.uk/i-am-a/other-regulated-individuals-and-organisations.

7.10 **Important**: it can be an offence not to submit a donation report within this time limit or to submit an incomplete or false report of donations. Appendix B 'Penalties' lists the offences that can be committed in relation to the donation requirements in PPERA.

Aggregating donations[9]

7.11 All donations of more than £11,180 made to a members association or more than £2,230 made to an individual regulated donee must be reported to the Commission, whether they are made in a single sum or in aggregate (Schedule 7, Paragraph 10(2)(b)). It is important that regulated donees correctly record details of all permissible donations of more than £500 so that they can report aggregate donations of more than £11,180 or £2,230.

7.12 Aggregate donations must be reported within 30 days of the date of acceptance of the donation that caused the total donation level to exceed £11,180 or £2,230.

7.13 If an individual regulated donee has previously reported donations from a particular source, they must report any further donations from that source in the same calendar year of over £2,230.

Example box 11
An individual member of a party contests a party leadership election. Prior to announcing his candidature, he receives a £900 donation from a supporter who wants to encourage him to stand. On entering the leadership campaign, he receives a further £1,500 donation from the same individual. The party member should report details of a £2,400 donation within 30 days of the date of acceptance of the second donation.

Example box 12
A constituent makes a cash donation to an MSP in January, to enable her to purchase extra equipment for her office. The value of the donation is £1,000. The dates of receipt and acceptance of the donation are 14 and 21 January respectively. In March, the same constituent provides the MSP with a new computer. The value of the computer is £1,300. The donation is received and accepted on 15 March. In aggregate, the value of the donation from the constituent is £2,300. The date of receipt and acceptance of the donation is 15 March. The donation must therefore be reported to the Commission within 30 days of the date of acceptance of the computer i.e. by 14 April.

[9] See also paragraph 7.26 for aggregating donations and loans.

Example box 13
A members association promoting the adoption of environmentally friendly policies by a party receives a monthly direct debit from a supporter. The value of the direct debit is £1,250. The value of the donation should be reported in September, when the ninth direct debit payment causes the total donation to exceed the £11,180 threshold.

Recording and reporting loans

7.14 Regulated donees are required to report the details of any of the following transactions:

- **members associations**: any loan with a value of more than £11,180 where all participants in the loan are permissible lenders
- **individuals**: any loan with a value of more than £2,230 where all participants in the loan are permissible lenders
- **all regulated donees**: any loan with a value of over £2,230 where a donation or loan has previously been reported from the same source and where all the participants in the transaction are permissible lenders
- **all regulated donees**: any loan of more than £500 entered into where one or more of the other participants in the transaction is an impermissible lender

7.15 Within 30 days, the regulated donee must report details for:

- new loans entered into
- loans whose terms have changed, including loans that have ended

7.16 Regulated donees should report a credit facility in the quarter in which it is set up. The reportable transaction is the **existence** of the facility, not when it is drawn down. The details of a credit facility need to be reported again only if the terms of the facility change or when it ends, not because it is used.

Example box 14
A members association gets a new a corporate charge card from its bank with a limit of £15,000. It intends to use this to pay for some items that are used in connection with its political activities. On a monthly basis, it charges £2,000 – £3,000 on the card. It pays the balance off in full at the end of each month.

The members association should report the charge card as a credit facility with a value of £15,000 within 30 days of getting the card from the bank. It should report all further details of the charge card as required in the return. It does not need to report the charge card again unless the reportable terms and conditions if the charge card change or the members association no longer has the card.

7.17 Additionally, within 60 days of these provisions coming into effect, regulated donees must report any existing loans. However, there will not be a requirement that all participants in these loans are authorised participants unless the terms of the loan change substantially.

Details to be reported

7.18 Where a regulated donee enters into a loan with a value of more than £500 with permissible lenders, the following information should be recorded (Schedule 7A, Paragraph 9):

- the name of all authorised participants in the loan
- the registered address of the authorised participant(s):
- in the case of individuals, the address at which they are registered to vote
- in the case of an individual who is anonymously registered, a statement to this effect
- where the authorised participant is a company, the company registration number
- the nature of the transaction (i.e. whether it is a loan, a credit facility or an arrangement where security has been given)
- the value of the benefit arising from the transaction (see paragraph 3.14)
- the date the transaction was entered into
- whether the transaction is reportable because of aggregation

7.19 In the case of a regulated transaction that is a loan or credit facility, the following details must be supplied in the report:

- the date the loan is to be repaid or the credit facility will end; or a statement that the loan or facility is indefinite; or if the date is to be determined by the agreement, how it will be determined
- the fixed rate of interest payable; or a statement that no interest is payable; or if the rate of interest is variable, how it will be determined
- a statement of whether the terms of the loan allow any interest payable to be added to the sum due
- whether any form of security is given in respect of the loan or credit facility

7.20 In the case of a connected transaction, the following details must be supplied in the transaction report:

- if the transaction is connected to a reported regulated transaction, details to identify the reported transaction, including the date it was reported; otherwise a description of the features of the other transaction must be given
- if the security includes rights over any property, the nature of that property
- a description of what the person giving the security will receive from the regulated donee for providing the security; or a statement that they will not receive anything

Changes to terms of loans

7.21 Where there is any change to any of the terms of a previously reported loan or credit facility, the regulated donee must report on the changes within 30 days of the change taking effect. Enough information should be given to identify the transaction that has changed, and the changed terms should be reported. Full details of existing transactions need not be reported again (Schedule 7A, Paragraph 11).

The value of the benefit arising from the transaction

7.22 The value of the transaction should be calculated as set out in paragraph 3.14. Where a credit facility, security or guarantee has no upper limit, this should be indicated instead of giving a value. Note that the value of a transaction does not need to include interest.

Impermissible loans

7.23 Where a regulated donee enters into a loan or credit facility with an impermissible lender, the following information must be recorded in addition to the information that would be reported for transactions with permissible lenders (Schedule 7A, Paragraph 10):

- the date on which the transaction was dealt with
- the manner in which it was dealt with

Aggregation

7.24 All loans or credit facilities of more than £2,230 made to an individual or more than £11,180 made to a members association must be reported to the Commission, whether they are a single transaction or in aggregate over a calendar year (Schedule 7, Paragraph 9(2)(b)). It is therefore important that regulated donees correctly record details of all loans with a value of more than £500 in order that they can report aggregate loans when the threshold is breached. Aggregate loans should be reported within 30 days of receiving the loan that causes them to exceed the reporting threshold.

7.25 If a regulated donee has previously reported loans from a particular source, they must report any further loans with a value of over £2,230 from that source in the same calendar year. This applies even if the loans are entered into by a members association whose normal reporting threshold is £11,180.

Aggregating donations and loans together

7.26 Regulated donees must report any loans and donations from a single source which together have a value above the reporting threshold, even if the loan or donation element would individually be beneath the reporting threshold. This is known as aggregation of ‘controlled benefits’. The value of loans and donations from

any given source should be aggregated and the loan **and** donation reported if the **combined** value exceeds the reporting threshold, even if the individual elements are both less than the reporting threshold. The donation should be reported in a donation return and the loan should be reported in a regulated transaction return.

8 Common types of donations

8.1 This section gives typical examples of donations that might be received by a regulated donee.

Provision of free office space

8.2 A common donation to a regulated donee is the provision of space for use as an office. The provision of office space without charge or at a discount should be treated as a non-cash donation to the regulated donee, and can only be accepted if it is from a permissible donor.

Example box 15
A party supporter allows a member of a registered party working on policy initiatives rent-free use of an office which he owns and which would normally be let out at a rent of £800 per month. This constitutes a non-cash donation to the member of the registered party and should be reported to the Electoral Commission when the value of the donation exceeds £2,230.

If the member of the registered party knows that he will be given use of the office for a year, he could report to the Commission the full value of use of the office for the year in which he intends to occupy it, i.e. 12 x £800 = £9,600. This would be reported within 30 days of the date on which the donation is accepted (i.e. the date on which the member of the registered party moves into the office) (Schedule 7, Paragraph 5(5)). Alternatively, the member of the registered party could report the donation in the third month, when the value has exceeded £2,230 and again in the sixth, ninth and twelfth months of the calendar year.

If the member of a registered party does not know how long he will occupy the premises when he moves in, he should report to the Commission when the value of the lease exceeds £2,230, i.e. in the third month of the year. If he subsequently remains in the office for another three months, this should also be reported.

Staffing

8.3 Where an individual works for a regulated donee while their salary is paid by someone else, the value of the work is a donation.

8.4 Holders of elective office are only required to report the provision of research or office assistance if the assistance has been provided to help them with their own duties.

8.5 There is no requirement for a regulated donee to report details of any work undertaken for them by an individual who volunteers and works for them free of charge and in their own time.

8.6 The value of this type of donation is determined by whether or not the services provided are of the type that the employer is in business to provide (such as IT services or consultancy work). Where they are, the value of the donation is the normal rate the employer would charge for the employee's services. In all other cases, the donation will be the amount of remuneration or other allowances paid to the employee by the employer during the period in which they work for the regulated donee (but not including any other contributions or payments for which the employer is liable, e.g. employer's national insurance contribution, pension contributions etc.).

Example box 16
An educational services company seconds one of its employees to a members association whose focus is the education policy of their party. The employee works as a policy advisor for the association. The policy advisor is paid £18,500 per year by the company. This should be treated as a non-cash donation to the members association.

Overseas visits

8.7 As explained in paragraphs 4.13–4.16, a donation to meet the cost of an overseas visit made in connection with the political activities of an individual regulated donee or a member or officer of a members association should be treated as donations from a permissible source, regardless of who makes the donation.

Example box 17
An officer of a members association that works to improve relations and increase links between the United States and her party travels to a number of US states to meet political leaders. The cost of the trip is met by an American based non-governmental organisation. Return flights cost £880 and accommodation costs £1,520. A total of £2,400 should be treated as a non-cash donation to the members association. As the value of the donation is under £11,180 and is made to the members association as opposed to an individual regulated donee, this donation does not need to be reported to the Commission.

Example box 18
An MSP with an interest in international development undertakes three visits as the guest of an overseas aid organisation. The visits take place in January, March and November. One of the visits is a two-day trip to Brussels to meet officials in the European Parliament. The second visit is a two-day trip to Germany to attend a conference about international aid. The third is a five-day trip to Mozambique.

The aggregate value of the trips exceeds £2,230, and should be reported to the Commission. The report should give details of the visits undertaken, including dates, destinations and purpose.

Hospitality

8.8 Hospitality provided to a regulated donee constitutes a gift under the terms of PPERA where it is provided and accepted in connection with their political activities. In many circumstances, hospitality provided in connection with a regulated donee's political activities may not need to be treated as a donation, since it may fall under the £500 donation threshold.

Example box 19
A councillor visits a factory in his constituency and is provided with a free lunch. There is no requirement to treat this as a donation unless the value of the lunch exceeds £500. If the councillor is provided with transport to the factory, this should also be included in the calculation of the value of the donation.

A company that believes their business will be damaged if the UK adopts the euro holds a dinner for a members association known to be against the euro. The total cost of the dinner and transport provided to members of the members association to get to and from the dinner exceeds £11,180 and should be reported to the Commission by the members association as a non-cash donation.

Appendix A – Glossary

Note: all definitions in this glossary are given for the purposes of this guidance only.

Authorised participant
A person who takes part in a **regulated transaction** and who would be a **permissible donor** under Section 54 of PPERA.

Connected transaction
An arrangement where a person gives any form of security on behalf of a **regulated donee,** in respect of a loan or **credit facility** arranged with someone other than the donee and the person giving security.

Controlled benefit
Either a **donation** accepted by a regulated donee or a **regulated transaction** entered into by a donee. The concept of relevant benefits allows the value of loans and donations to be aggregated so that they are reportable if the aggregate relevant benefit exceeds the reporting threshold, even if neither individual element exceeds the threshold.

Credit facility
An agreement where a **regulated donee** is entitled to receive a loan of money from time to time from someone else. The credit facility will generally have an upper limit specified in the credit facility agreement. Examples of common credit facilities include overdrafts and credit cards.

Donation
Any gift of more than £500 made to a **regulated donee** in connection with their **political activities**.

Great Britain registered party
A party registered under Part II of PPERA on the register of Great Britain political parties maintained by the Commission.

Holders of relevant elective office
Any individual elected in the UK to any of the following bodies:

- the House of Commons
- the Scottish Parliament
- the Senedd
- the Northern Ireland Assembly
- Police and Crime Commissioner
- any local authority in the UK (excluding parish and community councils)
- the Mayor of London or any other elected mayor
- the Greater London Authority

Individual on a UK electoral register
An individual registered on the register of Parliamentary or local government electors (Section 9 of the Representation of the People Act (RPA 1983)

Members association
Any organisation whose membership consists wholly or mainly of members of a registered party (other than a registered party, the central organisation of a registered party, or an accounting unit of such a party).

Overseas visit
A visit undertaken by an individual **regulated donee**, member or officer of a **members association** to a country or territory outside the UK in connection with any of their **political activities**.

Permissible donor
An individual or organisation from which a regulated donee can accept a donation of more than £500. These are:

- an individual registered in a UK electoral register (including overseas electors and bequests)
- a UK registered company that is incorporated in the UK and carries on business in the UK
- a Great Britain registered political party
- a UK registered trade union
- a UK registered building society
- a UK registered limited liability partnership that carries on business in the UK
- a UK registered friendly society
- a UK based unincorporated association that carries on business or other activities in the UK and whose main office is there

Political activities
In the Electoral Commission's view, a **holder of elective office**'s political activities include all the activities that they undertake as a politician, including their council/Assembly/Parliamentary/governmental activities (e.g. constituency work) as well as their party political activities (e.g. any activities they undertake as a representative of their party inside or outside the institution to which they were elected).

Qualifying costs
A payment from any source shall be treated as a payment from a permissible donor if it is made to meet 'qualifying costs' incurred in connection with an **overseas visit** undertaken by a **regulated donee** in connection with their **political activities**. These are the costs of travelling to and around the country in question and the costs of accommodation and subsistence while in the country.

Regulated donees
The organisations and individuals regulated by Schedules 7 and 7A of PPERA. These are:

- members of registered parties
- holders of relevant elective office
- members associations

Regulated transaction
A loan, **credit facility** or **connected transaction** between a **regulated donee** and one or more other individuals or organisations with a value of over £500.

Schedule 7 of PPERA
The schedule outlining the controls on donations applicable to **regulated donees**.

Schedule 7A of PPERA
The schedule outlining the controls on loans applicable to **regulated donees**.

UK registered building society
A building society within the meaning of the Building Societies Act 1986.

UK registered company
A company registered under the Companies Act 2006 which is incorporated within the UK, and which carries on business in the UK.

UK registered friendly society
A friendly society registered under the Friendly Societies Act 1974 or a society registered (or deemed to be registered) under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.

UK registered limited liability partnership
A limited liability partnership registered under the Limited Liability Partnerships Act 2000 which carries on business in the UK.

UK registered trade union
A trade union entered in the list kept under the Trade Union and Labour Relations (Consolidation) Act 1992 or the Industrial Relations (Northern Ireland) Order 1992.

UK unincorporated association
Any unincorporated association of two or more people which does not fall within any other category of permissible donor, but which carries on business or other activities wholly or mainly in the UK and whose main office is there.

Appendix B – Penalties

Enforcement Policy
You can read our Enforcement Policy which contains details of the sanctions now available and how we use them on our website below.

electoralcommission.org.uk/who-we-are-and-what-we-do/our-enforcement-work