

POLITICAL PARTIES AND ELECTIONS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Political Donations Etc and Expenditure

Section 10: Non-resident donors etc

43. **Section 10** prohibits a registered party from accepting a donation of more than £7,500 from an individual who is not resident, ordinarily resident and domiciled in the United Kingdom for the purposes of income tax, and requires donors who are individuals to give a declaration as to whether they satisfy this condition.
44. *Subsection (1)* substitutes paragraph (aa) of subsection 54(1) (replacing the paragraph (aa) inserted by section 9) of the 2000 Act, which provides that a party cannot accept a donation if the party has not been given a declaration required by section 54A of the 2000 Act.
45. *Subsection (2)* amends section 54(2)(a) of the 2000 Act so that an individual donor, as well as having to be registered on a United Kingdom electoral register, cannot be a permissible donor (and as a result, a party cannot accept a donation from him or her) unless the individual meets the condition set out in new subsection 54(2ZA), subject to new subsections (2ZB) and (2ZC), each of which is inserted by subsection (3). This condition is that the individual must be resident, ordinarily resident and domiciled in the United Kingdom for income tax purposes in the tax year in which the donation is made. Under new section 54(2ZB) this requirement only applies to an individual who causes a donation and/or relevant benefits in excess of £7,500 to be received by a party in one calendar year. A “relevant benefit” for this purpose means any relevant donation accepted by a party from a donor, or any relevant transaction, such as a loan or a credit agreement, entered into by a party with a participant (as defined by section 62(3A) of the 2000 Act).
46. *Subsection (4)* inserts new section 54B into the 2000 Act. The effect of this is to require a person who causes more than £7,500 to be received by a party within a calendar year to provide a declaration stating whether or not they meet the condition in section 54(2ZA); and makes it a criminal offence for a person to knowingly or recklessly provide a false declaration. Subsection (4) of section 54B allows the Secretary of State to make regulations concerning the retention of such declarations; and subsection (5) disappplies the requirement to provide a written declaration to Irish citizens who make donations to Northern Ireland parties.
47. *Subsection (5)* of section 10 inserts a new subsection (1A) into section 56 of the 2000 Act. This provides that a party is regarded as having complied with the requirement under section 56(1) to take reasonable steps to verify or ascertain whether an individual has met the condition inserted in section 54(2ZA) if it has received a declaration under section 54B and has no reasonable grounds for thinking that the declaration is incorrect.

*These notes refer to the Political Parties and Elections Act
2009 (c.12) which received Royal Assent on 21 July 2009*

48. *Subsection (6)* amends paragraph 1A of Schedule 6 to the 2000 Act (inserted by section 9) so that a quarterly donation report must include a statement to the effect that no reason was found for thinking that a declaration required to be given by section 54B was incorrect; or give details of any respect in which the report was found to be incorrect.
49. *Subsection (7)* amends Schedule 20 to the 2000 Act to set out the sanctions for making a false declaration about whether or not the residence condition has been satisfied in relation to donations to political parties.
50. *Subsection (8)* gives effect to Schedule 4, which makes provision equivalent to the above in respect of individuals and members associations, recognised third parties and permitted participants as defined by the 2000 Act.