

POLITICAL PARTIES AND ELECTIONS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Political Donations Etc and Expenditure

Section 11: Non-resident lenders etc

51. **Section 11** applies the new requirements introduced by section 10 in respect of donations so that they also apply in respect of regulated transactions such as loans, credit facilities or security for debts (as defined by section 71F of the 2000 Act). The effect of insertion by section 10 of the new permissibility condition in section 54 is that the condition applies equally to those individuals who seek to enter into regulated transactions with parties as it does to donors (see the effect of section 71H(3) of the 2000 Act, which provides that a political party may only be a party to a regulated transaction with authorised participants, that is, those individuals or organisations from whom political parties are currently permitted to accept donations). Section 11 then supplements section 10 by requiring an individual who is a party to a regulated transaction to give a declaration confirming that they satisfy the new condition.
52. *Subsection (1)* inserts new section 71HZA into the 2000 Act. This prohibits a registered party from entering into a regulated transaction with a value which exceeds £7,500 (either as a single transaction or in aggregate with other relevant transactions within a calendar year), unless it has received a written declaration from each individual party to the transaction stating that they meet the condition in section 54(2ZA) (inserted by section 10); and makes it a criminal offence for a person knowingly or recklessly to provide a false declaration. *Subsection (6)* of section 71HZA enables the Secretary of State to make regulations concerning the retention of such declarations; and *subsection (7)* disapplies the requirement to provide a written declaration to Irish citizens who make donations to Northern Ireland parties.
53. *Subsection (2)* of section 11 inserts new subsection (9A) into section 71L of the 2000 Act. This provides that a party or a party officer will not commit an offence by entering into a regulated transaction with a person whom it ought to have known did not satisfy the residency condition in section 54(2ZA), if the party has received a declaration under section 71HZA and has no reasonable grounds for thinking that the declaration was incorrect.
54. *Subsection (3)* inserts in Schedule 6A to the 2000 Act a new paragraph 1A requiring that where a report is required to be made in respect of a regulated transaction to which section 71HZA applies, the report must include a statement from the party either confirming that the party has no reason to suspect that the declaration was incorrect or giving details of any respects in which the declaration was found or suspected to be incorrect.

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

55. *Subsections (4) to (6) of section 11 make amendments to Schedule 7A of the 2000 Act in relation to controlled transactions (within the meaning given by paragraph 2 of that Schedule) between individuals and members associations which correspond to the amendments made in relation to regulated transactions with political parties by subsections (1) to (3).*
56. *Subsection (7) of section 11 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 regulated transactions with political parties, individuals and members' associations.*