

# **POLITICAL PARTIES, ELECTIONS AND REFERENDUMS ACT 2000**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part IV: Control of donations to registered parties and their members etc.**

##### ***Chapter I (Sections 50 to 53) : Donations to registered parties***

106. These sections, as a preliminary to the restrictions on the receipt of donations imposed under Chapter II and the reporting requirements imposed by Chapter III, define what does and does not constitute a “donation”.

##### ***Section 50 : Donations for the purposes of Part IV***

107. “Donation” is defined in *subsection (2)* as gifts of money and property (including money or property transferred to a party for consideration which is less than its value); the provision of any sponsorship in relation to the party; subscriptions and affiliation fees; money spent (other than by or on behalf of the party) to meet expenses incurred by the party; and loans, property, services and other facilities provided to the party on other than commercial terms. Anything given or transferred to an officer, agent, trustee or member of the party in that capacity will be regarded as having been given or transferred to the party, unless it is given solely for his own use or benefit (*subsection (6)*). A donation to a member or officer of a party for use otherwise than on the business of the party as such - for example, in assisting him or her in standing for an internal election – is subject to the separate controls in section 71 and Schedule 7. The definition of a “donation” applies to anything given or transferred to the party either directly or indirectly through a third person (*section 50(8)(a)*).

##### ***Section 51 : Sponsorship***

108. *Section 51* defines what constitutes sponsorship for the purpose of Part IV. The definition covers any money or other property transferred to a party for the purpose of helping the party with meeting any defined expenses. *Subsection (2)* defines “defined expenses” as expenses incurred in connection with:
- (a) any conference, meeting or other event organised by or on behalf of the party;
  - (b) the preparation, production or dissemination of any publication; or
  - (c) any study or research.
109. However, by virtue of *subsection (3)*, the payment of an admission charge to any conference, meeting or other event, or the purchase price of any publication, does not constitute sponsorship. *Subsection (4)* confers power to amend by order the definition of “defined expenses” in *subsection (2)* or the list of exempted items in *subsection (3)*. Such an order may only be made on the recommendation of the Electoral Commission.

***Section 52 : Payments, services etc. not to be regarded as donations***

110. *Section 52* specifies those payments or services to a party which are not to be regarded as a “donation”. Any donation whose value is £200 or less is to be disregarded (*subsection (2)(b)*). Also to be disregarded are policy development grants made to parties (under the provisions of section 12) and grants for security costs at party conferences. In addition, the definition of “donation” excludes the notional benefit to parties of air time for political party broadcasts, the use of public rooms at elections and the distribution of election addresses to electors, all of which facilities are provided free of charge. The definition also excludes the provision by an individual of his own services provided these are provided freely and in his own time (*subsection (1)(g)*). It is not intended that, for example, a voluntary officer of the party should be regarded as making a donation if, in their own time, they contribute professional services (such as accountancy) within their personal sphere of expertise. However, services provided free of charge by an individual who was nevertheless paid by his employer while providing those services will fall within section 50(2)(f) and thus count as a donation by the employer.
111. *Subsection (2)(a)* also excludes donations made for the purpose of meeting a candidate’s election expenses (which will continue to be the subject of a separate statutory return under the relevant provisions of the Representation of the People Act 1983, as augmented by section 130 and Schedule 16, and other enactments relating to elections).

***Section 53: Value of donations***

112. *Section 53* deals with the valuation of donations. Gifts of property are required to be valued at their market value, that is at the price they would fetch on their sale in the open market (see section 160(1)). Where money or property is transferred to a party for a consideration less than the market value of the property, the value of the donation is the difference between the value of the money or the market value of the property and the consideration provided by the party (*subsection (2)*). Similarly, where loans, property, services and other facilities are provided on other than commercial terms, their value will be taken to be the difference between their actual cost to the party and the cost which the party would have incurred if they had been provided on commercial terms (*subsection (4)*). In the case of any sponsorship, the value of the donation is to be taken to be the value of the money or property transferred to the party; the value of any benefit conferred on the sponsor is to be disregarded (*subsection (3)*).