

# Spotlight on Corruption evidence submission to the HCLG Committee inquiry into Modernising Elections

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## Introduction

Spotlight on Corruption is a UK registered charity that shines a light on the UK's role in corruption at home and abroad. We have been campaigning and advocating for a more robust regulatory framework for the UK's political finance regime and measures to tackle foreign interference. This has included briefing parliamentarians at different stages of the Representation of the People Bill and drafting amendments which have then been tabled.

## Summary

We welcome the new measures to strengthen the rules around political donations in the Representation of the People Bill and the government's commitment to implement key recommendations from the Rycroft Review to safeguard UK democracy against malign actors.

However, to maximise the impact of the Bill to address the risks of foreign interference, many of its provisions need to be tightened and residual loopholes closed. This specifically applies to:

1. **Crypto donations:** The government's immediate ban on crypto donations must contain strong safeguards to ensure it cannot be overturned without primary legislation. The Bill should also address a) donations that have been converted from crypto prior to donation; b) crypto donations to individual politicians - not just parties; and c) the risks presented by politically-affiliated memecoins.
2. **Donor declarations:** The government must strengthen existing provisions in the Bill to ensure political parties may not take funds which come directly or indirectly from impermissible overseas sources or from the proceeds of crime, and commence a beefed up donor declaration (section 54A provisions in PPERA which was introduced in 2009 but never commenced)..
3. **Know your donor checks:** The new proposed risk assessments must be expanded to include checks on whether donors have links to politically exposed persons or business connections with high-risk jurisdictions. Thresholds for when risk assessments need to be undertaken should reflect reporting thresholds rather than be set at a flat rate for parties, candidates and unincorporated associations. Finally, the power to allow ministers to intervene and modify guidance produced by the Electoral Commission should be removed.
4. **Restrictions on corporate donations:** The government should opt for a test based on profit rather than revenue when setting the criteria for the permissibility of corporate donations, in line with the Rycroft review recommendations, and the Electoral Commission's position.

5. **Unincorporated associations:** The reporting threshold should be reduced to ensure that any unincorporated association that donates over £500 is required to register with the Electoral Commission so it can be properly regulated.

Outside of bolstering the measures currently proposed in the Bill, we would also recommend that the government considers: a) imposing a universal donations cap and annual spending limits on political parties and b) strengthens the criminal and civil deterrents against breaches of political finance rules, by increasing the maximum sentence for criminal breaches to 10 years, and providing the Electoral Commission with the powers to fine political parties the equivalent of up to 4% of their campaign spending.

In terms of the international picture, our submission also looks at recent measures the Canadian government has taken to bolster its political finance regime and its defences against malign foreign interference, including its ban on cryptocurrency donations and prohibition of third party campaigners accepting funding from overseas sources. It also references long-standing laws in Ireland and Australia which have restricted foreign political donations.

## 1. Foreign political donations

- *Are the Government's proposed reforms likely to close existing loopholes in the rules governing foreign political donations?*

### A. Crypto donations

1. Following recommendations made by the Rycroft Review, the UK government announced a “complete ban” on cryptocurrency donations in UK politics - which has also been referred to as a moratorium.<sup>1</sup> As of 22 April, the government has not published its relevant amendment to the Representation of the People Bill, so it is unclear how this ban will be applied in practice and just how comprehensive it will be.
2. The ban could be a powerful first step to closing down some of the routes that malign overseas and domestic actors could use to influence our politics if it is implemented in the right way.
3. The Rycroft Review has called for a mechanism to be included in the Representation of the People Bill that could eventually lift the ban.<sup>2</sup> We are proposing that the ban

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<sup>1</sup>Ministry of Housing, Communities and Local Government, [Cap on donations from overseas electors and ban on crypto donations to protect democracy](#), March 2026

<sup>2</sup>Ministry of Housing, Communities and Local Government, [The Rycroft Review: Report of the independent review into countering foreign financial influence and interference in UK politics](#), March 2026

should be enshrined in such a way that it can only be repealed through primary legislation. Leaving this down to a statutory instrument would leave the door open to a future administration reversing the ban without any consultation, regulatory backstop or parliamentary process.

4. Fundamentally, it should always be a question of if, and not when, this should happen. The crypto industry is moving towards protecting the privacy of transactions – a trend which will throw ever increasing hurdles in the way of regulators who already face an uphill struggle to trace and verify the sources of crypto donations.<sup>3</sup> At a minimum, no lifting of the ban should be considered until the new regulatory framework for cryptoassets which will be introduced in October 2027 has had time to bed in.<sup>4</sup> It will also be vital that the Electoral Commission and Parliament, through the relevant Select Committees, are satisfied that the necessary regulatory powers and resources are in place before any ban is lifted.
5. There are also risks that the ban could be sidestepped in various ways.

#### **i) Conversion of crypto to fiat before making a donation**

6. The government's ban must also address the situation where crypto has been converted 'upstream' to fiat currency and 'offramped' from the blockchain before being donated.
7. This has already been happening with some political donations. The chief executive of the Electoral Commission, Vijay Rangarajan, told the Foreign Affairs Committee in January that it has seen "*in some of our investigations, money flowing internationally through crypto exchanges and ending up in British bank accounts.*"<sup>5</sup>
8. In practice, while it would be difficult to completely eliminate the practice of converting crypto to fiat before a donation is made, there are ways to mitigate some of the risks.
9. One effective solution to ensure there are proper checks on any donations that have been converted from crypto would be for the Bill to stipulate that all political donations should be made from a UK bank account. The UK banking system is highly regulated and very adept at handling risk and detecting red flags in the flow of funds, including those that have been offramped from the blockchain.

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<sup>3</sup> Grayscale, [Crypto Sectors Quarterly: A Preference for Privacy](#), December 2025

<sup>4</sup> Financial Conduct Authority, [A New Regime for Cryptoasset Regulation](#), March 2026

<sup>5</sup> Foreign Affairs Committee, [Oral evidence: Disinformation Diplomacy, HC 703](#), January 2026

10. In addition, a requirement in the new know your donor checks and donor declaration to ensure that any donations that originated from cryptocurrency have undergone full source of wealth checks, would add a double layer of protection.

### **ii) Direct donations to crypto wallets owned by politicians**

11. There is evidence that at least one MP holds a personal crypto wallet and there will likely be more.<sup>6</sup> Unless the government's complete ban on crypto donations covers donations to elected politicians, peers, candidates and election agents, a rather significant loophole will be left exposed.

12. In addition, neither the codes of conduct for MPs or peers mentions the declaration of cryptocurrency holdings. The code should be updated accordingly and the thresholds for these declarations should be set at 50% of an MP's gross salary so it is brought into line with transparency requirements for members of the Scottish Parliament<sup>7</sup> and the Welsh Senedd.<sup>8</sup>

### **iii) Fundraising through the use of politically affiliated memecoins and tokens**

13. The \$TRUMP coin, launched by US President Donald Trump ahead of his 2024 inauguration, has set a precedent for political fundraising through the use of memecoins and tokens.

14. There is a risk that UK political parties and politicians could decide to cash in on their own politically affiliated memecoins and tokens for fundraising purposes. The Electoral Commission's chief executive has said in theory that "*donations would be declarable for people who are buying*" into political memecoins and tokens.<sup>9</sup> However, in practice, this could be very challenging to regulate as it would involve tracing and checking the permissibility of potentially hundreds of crypto wallets which have no real world identity clearly attached to them.

15. In addition, there is no clear rule against political parties or politicians profiting from promoting, investing in and then selling a stake in a memecoin that is affiliated to them, but is owned by a third party.

16. More specifically, we have seen evidence of at least one case so far where the creator fees paid for by investors in a \$BRITAIN token affiliated to the Restore Britain Party

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<sup>6</sup> The Guardian, [How a £2m bitcoin order made Nigel Farage the political face of UK crypto](#), April 2026

<sup>7</sup> The Scottish Parliament, [Code of Conduct for MSPs](#), May 2021

<sup>8</sup> Senedd Cymru, [Guidance for Members of the Senedd on the registration, declaration and recording of financial and other interests](#), April 2025

<sup>9</sup> Foreign Affairs Committee, [Oral evidence: Disinformation Diplomacy, HC 703](#), January 2026

have been donated to a political party.<sup>10</sup> The source of these donations, 'Britain Token', which amount to over £35,000, is impermissible as it is an entity that has no legal standing. As of 22 April, it is currently unclear as to whether Restore Britain has returned these donations back to their source.

17. Unofficial political memecoins associated with Reform UK<sup>11</sup>, Advance UK<sup>12</sup> and individual politicians have also all been created and circulated in recent years with limited success. While there is no evidence that donations have been made to these parties from these memecoins, this shows that it is an active risk in terms of the integrity of political funding in the UK.
18. The use of memecoins and tokens for political fundraising purposes opens another door to impermissible donations from overseas sources slipping through the net. Tracing the identities and permissibility of those who buy into memecoins through crypto wallets could be an onerous and insurmountable task for political parties and the Electoral Commission.
19. Therefore, ideally the government's ban on crypto donations must also prohibit political parties and elected officials from holding a financial stake in any memecoin or token affiliated to them or accepting donations that are from the proceeds of investments in memecoins or tokens.

## **B. Donor declarations on source of wealth**

20. In recent years, there have been several examples of significant political donations being made where the source has been linked to economic crime, foreign state actors or an impermissible overseas individual.
21. The Representation of the People Bill proposes to commence section 54A of the Political Parties, Elections and Referendums Act 2000 (PPERA).<sup>13</sup> This would require donors making contributions of above £11,180 to political parties to declare whether they have received any payments connected to their donation or face a criminal sanction.
22. In theory, the introduction of section 54A should provide a crucial deterrent against illegitimate donations as well as against malign or hostile state actors attempting to funnel illicit funds into UK politics through an intermediary donor. Law enforcement has highlighted that this is critical to ensure there can be meaningful criminal

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<sup>10</sup> [\\$BRITAIN token website](#)

<sup>11</sup> [\\$REFORMGO token](#)

<sup>12</sup> [\\$ADVANCEUK token](#)

<sup>13</sup> UK Government, '[Section 54\(A\)](#)', *The Political Parties, Elections and Referendums Act 2000*

enforcement of breaches of the UK's electoral rules.<sup>14</sup>

23. However, both the existing section 54 and the proposed Section 54A need to be considerably tightened and made more robust to prevent foreign interference. The Electoral Commission has recommended that section 54A should be strengthened before it is commenced,<sup>15</sup> and legal experts have highlighted that the clause as it currently stands does not offer sufficient protections against donations derived (particularly indirectly) from overseas sources or from the proceeds of crime.
24. The clause as it currently exists is too vague and relies disproportionately on the donor's honesty and discretion in making declarations as to whether an individual other than a permissible donor has provided money "*with a view to, or otherwise in connection with, the making of the donation.*"<sup>16</sup>
25. For example, a donor could easily claim that money was transferred to them from an overseas source for a completely different purpose than to make a political donation. If there was to be external scrutiny of this arrangement from regulators or law enforcement, the burden of proof to meaningfully challenge this claim would be very high.
26. The National Crime Agency wants the government to make tweaks to the current wording of the provision. Its director-general, Graeme Biggar, told the JCNSS that the threshold for prosecuting against false declarations is too high as it "*would have to be able to prove that someone knew that something was false and that that was their belief.*" Biggar called for the threshold to be reduced to "*they had reasonable cause to suspect*", to match the test used under the Proceeds of Crime Act and money laundering legislation. He concluded "*what we do not want is legislation being passed that is pretty much impossible for us to prosecute*".<sup>17</sup>
27. The government should act to close this loophole by strengthening the donor declaration provision in line with recommendations from the Electoral Commission as well as ensuring it is clear on the face of the bill that political parties may not take funds which come directly or indirectly from impermissible overseas sources or from the proceeds of crime.

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<sup>14</sup> Joint Committee on the National Security Strategy, [Oral evidence: Defending democracy](#), 9 February 2026

<sup>15</sup> [Electoral Commission correspondence with the Joint Committee on the National Security Strategy](#), February 2026, p.9

<sup>16</sup> UK Government, [Section 54\(A\): Political Parties, Elections and Referendums Act 2000](#)

<sup>17</sup> [Oral evidence: Defending democracy](#), 9 February 2026

## Relevant case studies:

- Questions have recently been raised over the true source of £200,000 worth of donations to Reform UK from a UK-registered company, called Interior Architecture Landscape Ltd. The director of the company has been linked to the financial interests of an Iranian-British billionaire couple<sup>18</sup> and separately a sanctioned Iranian conglomerate.<sup>19</sup>
- Through her law firm, Christine Lee made substantial donations to the Labour Party before MI5 issued an alert in January 2022, warning that she had been engaged in "political interference activities" on behalf of the Chinese state.<sup>20</sup>
- The Conservative Party and several of its MPs have accepted over £500,000 from the energy company, Aquind Ltd. These donations continued after it was revealed that (the now deceased) Russian oil tycoon, Viktor Fedotov, had a majority stake in the company and faced historic allegations of being involved in a major corruption scheme.<sup>21</sup> The Ministry of Defence has also intervened in Aquind's planning appeal case to build an energy interconnector between France and the UK on the grounds of "serious national security concerns".<sup>22</sup>
- The Electoral Commission has been assessing allegations<sup>23</sup> that Rosemary Said has not been the true source of £2.6m of donations to the Conservative Party, after leaked files from Downing Street under Boris Johnson's time as Prime Minister suggest that her husband, Wafic Said, not an eligible donor, may have been behind them.<sup>24</sup>
- Since 2009, the Conservative Party accepted £220,200 from Amira G Foods Ltd, owned by the businessman, Karan Chanana, who is under investigation for fraud and money laundering in India<sup>25</sup> and subject to an Interpol Silver Notice<sup>26</sup>.
- The Conservatives and the Labour Party have both accepted donations from Peter Virdee, the 'international fraud tycoon', despite his past criminal convictions.<sup>27</sup>

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<sup>18</sup> The Guardian, [Court battle over Picasso art exposes offshore finances of Farage's billionaire Davos sponsor](#), February 2026

<sup>19</sup> The Financial Times, [Reform UK donor runs company linked to sanctioned Iranian conglomerate](#), April 2026

<sup>20</sup> BBC News, [MI5 alert on alleged China agent upheld by judges](#), December 2024

<sup>21</sup> The Guardian, [Russian tycoon's link to alleged corruption in leaked files raises questions for Tory ministers](#), October 2021

<sup>22</sup> BBC News, [Aquind interconnector: MoD has 'serious' concerns over plan](#), March 2024

<sup>23</sup> Foreign Affairs Committee, [Oral evidence: Disinformation Diplomacy. HC 703](#), January 2026

<sup>24</sup> The Guardian, [Leaked files cast doubt on source of £2.6m in Tory donations](#), September 2025

<sup>25</sup> The Guardian, [Major Tory donor investigated over fraud and money laundering allegations](#), May 2023

<sup>26</sup> Gherson LLP, [India issues another Interpol Silver Notice](#), March 2026

<sup>27</sup> The Times, [Peter Virdee: Tories and Labour kept taking dirty cash from fraud tycoon](#), March 2022

### C. Know your donor risk assessments

28. A welcome new measure in the Bill requires parties, candidates and relevant third parties to undertake risk assessments – or know your donor checks – on the donations and loans that they accept. This will be backed by guidance set out by the Electoral Commission about how to apply the risk assessment.
29. However, for the know your donor policy to be an effective tool to safeguard UK democracy against foreign interference, the government will need to address weaknesses with how this provision has been drafted.
30. Significantly, the risk factors outlined in the Bill fail to cover whether a donor has any links to politically exposed persons or business connections with high-risk jurisdictions. Parties are also not under any requirement under the Bill as currently drafted to review the business networks from which the donor may draw their wealth and source their donation. As drafted, the Bill also gives parties too much leeway and discretion as to what they can consider relevant risk factors.
31. The Rycroft Review has highlighted that the current requirements “*are not as rigorous as the customer due diligence checks required under anti-money laundering regulations*”.<sup>28</sup> Accordingly, the Review has recommended that the government should amend the provision to require enhanced ‘know your donor’ checks for donations that meet certain risk factors, such as “*location and very large donations*”.<sup>29</sup>
32. In addition, the thresholds at which the ‘know your donor’ requirements kick in – £11,180 – might be proportionate for larger, more established political parties. But a donation of that size could represent a significant portion of the campaign funding for candidates or small third-party campaigners. The thresholds for when risk assessments need to be undertaken should be brought in line with the reporting thresholds for different regulated bodies under the Bill.
33. Finally, the power granted in the Bill to enable ministers to intervene and modify guidance produced by the Electoral Commission on how the know your donor policy should be implemented creates risks of political interference in what that guidance says. This power should be removed or greater protections built in to ensure this cannot happen.

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<sup>28</sup> [The Rycroft Review: Report of the independent review into countering foreign financial influence and interference in UK politics](#)

<sup>29</sup> *ibid*

## D. Corporate donations: The profit vs revenue test

34. The Representation of the People Bill provides a strong foundation for preventing impermissible overseas donations from flowing into UK politics via corporate intermediaries, containing provisions designed to prevent donations made via shell companies.
35. However, the government has opted for a ‘revenue test’ when it comes to confirming the permissibility of corporate donations. This disregards recommendations previously made by the Committee on Standards in Public Life<sup>30</sup> and more recently adopted by the Rycroft Review<sup>31</sup>, which both argue that a ‘profit test’ would be more effective. In practice, this would mean that *“no corporate donor should be able to donate more than their post-tax profits, averaged over the preceding two years, into UK politics in any given year”*.<sup>32</sup>
36. In its analysis of the Representation of the People Bill, the Electoral Commission has argued that using a profit, and not a revenue, test *“would provide much stronger protection against foreign interference and greater assurance for voters.”*<sup>33</sup>
37. The regulator has also identified a fundamental flaw with the government’s proposed revenue test, highlighting that the wording of the provision as currently drafted will *“allow companies to make legitimate donations many times their revenue”*.<sup>34</sup> This is because the Bill merely says that each donation must be limited by the size of a company’s revenue, not the total of their donations combined.
38. During Bill Committee hearings, the Democracy Minister, Samantha Dixon, has defended the government’s revenue test position<sup>35</sup>, but has confirmed that she is *“carefully considering”* the Rycroft Review’s recommendations on this issue.<sup>36</sup> We are yet to see the government table a fresh amendment to the Bill which reflects this.
39. Alongside the deficiencies of the revenue test, there are also issues with the powers that the Bill gives the relevant Secretary of State to revise the rules on the ‘significant control test’ for companies. Future changes should be left up to Parliament or the Electoral Commission to implement.

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<sup>30</sup> Committee on Standards in Public Life, [Regulating elections finance, July 2021](#), page 11

<sup>31</sup> [The Rycroft Review: Report of the independent review into countering foreign financial influence and interference in UK politics](#)

<sup>32</sup> Ibid

<sup>33</sup> The Electoral Commission, [Media briefing: Representation of the People Bill](#), February 2026, page 10

<sup>34</sup> Ibid

<sup>35</sup> House of Commons, [Representation of the People Bill \(Second sitting\)](#), Debated on 18 March 2026

<sup>36</sup> House of Commons, [Representation of the People Bill \(Sixth sitting\)](#), Debated on 14 April 2026

40. It is also unclear whether the current provisions in the Bill will also outlaw donations from unlimited companies which are not required to publish annual accounts and could be used as intermediaries for impermissible funds from foreign sources to enter the UK's political system.

### **Relevant case studies:**

- Quadrature Capital Ltd provided the Labour Party with its largest-ever individual donation of £4m ahead of the 2024 General Election. This UK based firm has a parent company registered in the Cayman Islands, but as its ultimate beneficial owners are UK citizens, it will be allowed to continue to make political donations under new measures in the Bill.<sup>37</sup>
- R20 Advisory, a company owned by entrepreneur, Robert Tchenguiz, donated £100,00 to Reform UK in 2025. The company's income and outgoings mostly comprise a high-volume of related transactions with offshore entities with opaque ownership structures. R20 Advisory's latest published accounts show that it has made a loss of almost £2m in the year to 31 May 2024. However, under current proposals in the Bill, it would still be permitted to make political donations as it generated a revenue of almost £2.6m during this period.<sup>38</sup>
- Alfanar Energy<sup>39</sup>, a UK subsidiary of a Saudi energy company and a recipient of numerous government grants<sup>40</sup>, donated £50,000 to the Labour Party in May 2025. The company is active in the UK, but currently not in profit. It would be blocked from making future donations under the government's person of significant control test as the ultimate owners are Saudi Arabian citizens.

### **E. Unincorporated associations**

41. Unincorporated associations can be used as an intermediary for impermissible and overseas donations to be funnelled into UK politics.
42. The Representation of the People Bill contains welcome measures which will strengthen existing transparency requirements for these bodies to register and start reporting the money they receive once they hit a threshold of £11,180 and report any gifts over £2,230 (down from £37,270 and £11,180 respectively). The Bill will also take the vital step of unincorporated associations to ensure that any money they receive for the purpose of making onward political donations is from a permissible source.<sup>41</sup>

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<sup>37</sup> Companies House, [Quadrature Capital Ltd](#)

<sup>38</sup> Companies House, [R20 Advisory Ltd](#)

<sup>39</sup> Companies House, [Alfanar Energy Ltd](#)

<sup>40</sup> Department for Transport, [Advanced Fuels Fund \(AFF\) competition winners](#), July 2025

<sup>41</sup> The Electoral Commission, [Understanding the Representation of the People Bill](#), March 2026

43. The lower registration and reporting thresholds are also likely to provide the public with a much more detailed insight into the role that unincorporated associations are playing in the UK's political system. The current available data only provides a limited picture. As of the last update from 17 March 2026, there are only eleven unincorporated associations registered with the Electoral Commission and no gifts to these bodies have been registered since February 2024.<sup>42</sup> A further four unincorporated associations are separately registered as third-party campaigners.<sup>43</sup>
44. However, the core issue remains that it is still possible for an unincorporated association that is not required to register to make donations without any checks. That creates an unnecessary and undesirable loophole.
45. To address this, we would recommend that the government should go further to amend the reporting threshold to ensure that any unincorporated association that donates over £500 is required to register with the Electoral Commission so it can be properly regulated.

#### **Relevant case studies:**

- In recent years, the members association, the Carlton Club Political Committee, has acted as an intermediary for £250,000 worth of donations to the Conservative Party from a company called Strandbrook Ltd which is ultimately owned by an entity based in Liechtenstein.<sup>44</sup> The director of Strandbrook, Henning Conle, has been accused of separately funnelling illegal donations to the German political party, Alternative für Deutschland.<sup>45</sup>
- Analysis from Good Law Project revealed that in 2023, ten unincorporated associations that were not registered with the Electoral Commission donated funds to the Labour Party, the Conservative Party and the Liberal Democrats over the transparency thresholds.<sup>46</sup> We don't know how many unincorporated associations that were not registered may have donated to political parties under these thresholds.

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<sup>42</sup> The Electoral Commission, [Registers of unincorporated associations](#), March 2026

<sup>43</sup> The Electoral Commission, [Register of Third Party Campaigners](#), April 2026

<sup>44</sup> Tortoise, [Alleged AfD 'strawman' donor linked to company using loophole to make UK donations](#), April 2025

<sup>45</sup> The Times, [AfD faces €7m fine for 'lying' over donations linked to property mogul](#), February 2025

<sup>46</sup> Good Law Project, [Shadowy groups that poured £500,000 into politics failed to register in 2023](#), June 2024

- **Are there any additional reforms to the rules around political donations that could further strengthen democracy?**

46. There are three specific areas where the rules on political donations need strengthening:

### **1. A universal donations cap**

47. The government should introduce an upper limit that applies to political donations from all sources. It is inconsistent that they have only adopted a cap for overseas electors - an inconsistency which incentivises them to exploit loopholes by donating through UK entities. The failure to have an upper limit allows for multi-million pound donations to be made which could completely distort both electoral outcomes and political debate in the UK. We recommend that the principle of a cap be placed on the face of the Bill, and the level of the cap should be determined by the Electoral Commission following consultation.

### **2. Stronger rules on spending limits**

48. As well as imposing a donation cap, it is vital that the government toughens the rules around spending. Specifically, it should:

- Reduce the spending limit to more reasonable levels, after it was raised by 80% from from £19.5m to £34m, in 2023.<sup>47</sup> An amendment to the Representation of the People Bill tabled by Anneliese Dodds has proposed decreasing the limit from £54,010 to £37,600 multiplied by the number of constituencies a political party is contesting in Great Britain.<sup>48</sup>
- Apply spending limits annually, rather than just in the run-up to elections, to prevent parties frontloading their spending between election periods.
- Ensure the power to amend the spending limit for parties and candidates lies with the Electoral Commission and ensure the MHCLG Secretary of State can only vary the limit on the recommendation of the Electoral Commission. The Commission should be required to consult the Speaker's Committee and Ethics and Integrity Commission and consider not just the value of money but also public confidence in the fairness of elections.

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<sup>47</sup> Institute for Government, [How is election spending regulated in the UK?, 2024](#) and [Representation of the People \(Variation of Election Expenses, Expenditure Limits and Donation etc. Thresholds\) Order 2023](#), p. 2

<sup>48</sup> House of Commons, [Representation of the People Bill, NC65](#)

### 3. Ensuring there is a credible deterrent against breaches of the rules

49. Spotlight on Corruption's research has found that there is a criminal and civil enforcement gap for breaches of political finance rules.<sup>49</sup> To address, this we recommend:

- That the maximum sentence for the most serious political finance offences should be increased to ten years. This would enable the police to use more sophisticated investigative tools and increase their risk appetite for taking on such cases.
- The Electoral Commission should be given the powers to fine political parties up to 4% the value of their campaign spending or £500,000 – whichever is higher – as previously recommended by the Committee on Standards in Public Life.<sup>50</sup>
- The government should expand the Electoral Commission's powers of investigation so that it can compel evidence from entities that fall outside of its regulatory sphere such as social media companies and financial institutions, including crypto exchanges, without having to start a formal investigation first. This is a long-standing ask from the Commission<sup>51</sup> and was recommended by the House of Lords Committee on Democracy and Digital Technologies in its *Digital Technology and the Resurrection of Trust* report, published in 2020.<sup>52</sup>

## 2. Modernisation of elections

- **Which countries have taken effective steps to ban foreign donations?**

### i) Canada

50. Through its new 'Strong and Free Elections Act', the Canadian government announced that it is pushing forward with a blanket ban on political donations made in cryptocurrency.<sup>53</sup> Incidentally, this came just one day after the UK government announced its ban.

51. Before this, Canada had permitted political crypto donations since 2018. In 2022, Canada's chief Electoral Officer, Stéphane Perrault, recommended tighter regulations on these

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<sup>49</sup>Spotlight on Corruption, [Credible Deterrence: beefing up enforcement of the UK's political finance rules](#), March 2026

<sup>50</sup> Committee on Standards in Public Life, [Regulating Election Finance](#), July 2021, p.9

<sup>51</sup> The Electoral Commission, The Electoral Commission, [Digital Campaigning: Increasing transparency for voters](#), June 2020, p.3

<sup>52</sup> House of Lords Select Committee on Democracy and Digital Technologies, [Digital Technology and the Resurrection of Trust](#), June 2020, p.51

<sup>53</sup>Government of Canada, [Strong and Free Elections Act - Amendments to the Canada Elections Act](#), March 2026

donations. However, only a few years later he changed his position to advocate for a full ban. In an Elections Canada report published in 2024, Perrault observed that cryptocurrency “poses challenges in identifying a contributor” and “could be seen as a means by which unregulated resources could enter the federal political financing regime”.<sup>54</sup>

52. Canada’s approach could provide lessons for the UK government, which is considering lifting the ban on cryptocurrency donations if an adequate regulatory framework can be established.

53. The ‘Strong and Free Elections Act’ also bans foreign organisations and individuals from donating to a third party for regulated political or election activities.<sup>55</sup> Canada already has a longstanding ban in place on corporate donations to federal political parties.<sup>56</sup>

## **ii) Ireland**

54. Ireland banned political crypto donations in 2022.<sup>57</sup> This was reportedly spearheaded by Darragh O’Brien, the minister in charge of electoral reform at the time, as a means of tackling the risk of foreign interference.<sup>58</sup>

55. This supplemented a pre-existing blanket ban on donations from foreign sources enshrined in Ireland’s Electoral Act 1997.<sup>59</sup>

56. Ireland has also set a cap of \$2,500 on the amount that a political party can accept from the same donor in each year, made either directly or through an intermediary.<sup>60</sup>

## **iii) Australia**

57. In 2019, Australia brought in a ban on political donations from overseas sources which exceed \$1,000 (AUD). Special Minister of State Alex Hawke said, “Foreign governments, foreign billionaires and foreign companies have no legitimate role in funding any activities that influence Australian politics, and that’s why we’ve banned foreign donations.”<sup>61</sup>

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<sup>54</sup>Elections Canada, [Part 2: Political Entities Protecting Against Threats to the Electoral Process](#), November 2024

<sup>55</sup> [Strong and Free Elections Act - Amendments to the Canada Elections Act](#)

<sup>56</sup>Government of Canada, [Federal Accountability Action Plan](#), 2006

<sup>57</sup>Government of Ireland, [Electoral Reform Act 2022](#)

<sup>58</sup> Irish Independent, [Political parties to be banned from accepting donations through cryptocurrencies](#), April 2022

<sup>59</sup> Government of Ireland, [Electoral Act 1997](#)

<sup>60</sup> Standards in Public Office Commission (Ireland), [Guidelines for Political Parties Steps to be taken concerning donations and prohibited donations](#), December 2023

<sup>61</sup>Australian Government, [Australian democracy strengthened as foreign donations banned](#), January 2019

58. Earlier this year, Australia also brought in a cap of \$50,000 (AUD) on annual donations from a single source to a political party and limits on campaign spending for political parties and third-party campaigners at federal and divisional levels.<sup>62</sup>

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<sup>62</sup>Australian Electoral Commission, [Funding and disclosure legislative changes](#)