

Members of Parliament Move to Strengthen UK Election Laws to Block Foreign Influence

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UK Members of Parliament (MPs) are advancing new legislation designed to close regulatory gaps that allow foreign money to influence domestic elections. The reforms target loopholes that enable donations via shell companies or unincorporated associations, enhancing transparency and integrity in political financing.

Under the proposed changes, political parties must establish that all donations over £500 come from permissible donors, UK or Irish sources with genuine business activity. Companies must demonstrate they generate income in the UK or Ireland and conduct actual operations there. Unincorporated associations, groups without formal registration, will also be required to conduct risk assessments to confirm funding legitimacy.

The Ministry of Housing, Communities and Local Government, responsible for overseeing electoral integrity, and the democracy minister have emphasized that evolving threats demand stronger safeguards. The reforms include tougher financial penalties, up to £500,000 for false declarations or breaches. However, the measures currently stop short of banning cryptocurrency contributions entirely, though electronic currency is under consideration due to traceability concerns.

These developments follow mounting pressure from watchdogs like the Electoral Commission, the independent regulator responsible for overseeing elections and political funding, and governmental ethics bodies. Officials have warned that existing rules are “out of date” and “inconsistent,” eroding public trust in funding transparency.

Campaign groups such as Spotlight on Corruption and Transparency International highlight the risk of “dark money”, funding from undisclosed or dubious sources, accounting for nearly £1 in every £10 donated in recent years. Past investigations revealed that multiple major parties accepted donations arranged in ways that circumvented the £500 rule, indicating systemic weakness in self-regulation.

High-profile cases, including Elon Musk's proposed donation to Reform UK, have underscored vulnerabilities. Although he is not eligible to donate directly as a foreign national, existing rules would allow donations via a UK-incorporated company, if legitimate revenues are shown. MPs have cited this scenario in calls for stricter oversight of corporate donations and potential caps on foreign involvement in political funding.

Some legislators have proposed broader reforms, such as capping total donations, requiring all funds to originate from registered UK voters, and banning donations from companies without UK profits. These measures aim to restore public confidence and prevent wealth from distorting political representation.

In summary, these legislative reforms represent a critical step towards closing loopholes in UK election funding law. By tightening donor verification, strengthening oversight of corporate and association-based contributions, and increasing penalties, the proposed changes seek to safeguard democratic processes against undue foreign influence.