

How do you work out the value of a donation? | Electoral Commission

donations and loans in Northern Ireland You are in the donations and loans in Northern Ireland section Home donations and loans in Northern Ireland View the navigation tree Go to main guidance section: donations and loans in Northern Ireland

Terms we use in this guidance Which donations are covered by the rules? What do you need to do when you receive a donation? How do you work out the value of a donation? Valuing goods and services: examples Crowdfunding Auction prizes Sponsorship What must you record when you accept a donation? What do you do if you receive a donation from an impermissible or unidentifiable source? Which loans are covered by the rules? What do you need to do before you enter into a loan? How do you work out the value of a loan? What must you record when you enter into a loan? What do you do if you have a loan from an impermissible source? Who can you accept donations and loans from? Which donations and loans do you need to report? How to report donations and loans How do you work out the value of a donation? If your party receives or sells an item, goods or service, you must work out its market value. The market value means the price that would reasonably be expected to be paid for the item, goods or service, if it was on sale in the open market. Working out the market value is needed to determine whether a donation has been made and what the value is. Any commercial income you gain from these transactions is not a donation. The following section provides guidance on how to assess the market value of goods and services, determine whether a donation has been made to the party, and calculate the value of the donation. Goods and services received by the party As well as receiving donations of money, you may also receive donations of goods and services. If you receive goods or services free of charge, or at a non-commercial discount, you must ensure these are valued at a comparable market rate. Non-commercial discounts are special discounts that your party, specifically, is given by suppliers. These are different to commercial discounts available to all customers, such as discounts for bulk orders or seasonal reductions. The donation rules only apply to non-commercial discounts. If you are given goods or services this will count as a donation if: the market value of the goods or services, if given free of charge, exceeds £500, or the amount of the non-commercial discount exceeds £500 The value of a donation is the difference between the value of what you receive and the amount (if any) you pay for it. You will need to know the market value of the items or services to calculate the value of the donation. As with all types of donations, you must also ensure any donation you accept over £500 is from a permissible donor. Good and services sold by the party If your party sells goods or services you must ensure these are also valued at a comparable market rate. It is important you are aware of the market value of the goods and services you sell because if someone pays more than the market value, the difference between what they pay you and the market value will be a donation if this amount exceeds £500. This is because any additional payment will be received on non-commercial terms, and the donation rules will apply. The market value, or commercial income, is not a donation. The guiding principle The guiding principle is that, in all cases, you should make an honest and reasonable assessment of the value of the goods or services you are receiving or selling. If the exact or similar options of the item or services are available on the market, you should use the rates charged by other providers to guide you in making a valuation. For example, if the donor is a commercial provider, you should use the rates they charge other similar customers. If there are no exact or similar options of the goods or services available on the market, you should base your assessment on the market rates of a reasonable equivalent. If you are still not sure how to value a particular donation, please contact us for advice. Your party is

required to keep records that show and explain the transactions it has entered into. In order to meet this requirement, you should ensure you keep a record of assessments and valuations so that you can explain whether or not a donation has been made.

**Selling exclusive services** When trying to ascertain the market value, you may also wish to consider the appropriate level in the market of what you are selling. For example, in some instances it may be reasonable to use a higher end market valuation. This is especially the case where the services are exclusive and/or where you have a degree of monopoly in the market. Last updated: 31 March 2022

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