



INFRINGEMENTS - Hungary: Commission launches infringement procedure for law on foreign-funded NGOs

Brussels, 13 July 2017

Infringements - Today, the European Commission decided to send a letter of formal notice to Hungary for its new law on foreign-funded NGOs adopted on 13 June.

The Hungarian law introduces new obligations for certain categories of NGOs receiving annual foreign funding above HUF7.2 million (approx. € 24,000) to register and label themselves in all their publications, websites and press material as "organisations supported from abroad", and to report specific information about the funding they receive from abroad to the Hungarian authorities. These organisations face sanctions if they fail to comply with the new reporting and transparency obligations.

First Vice-President Frans **Timmermans** said: "*Civil society is the very fabric of our democratic societies and therefore should not be unduly restricted in its work. We have studied the new law on NGOs carefully and have come to the conclusion that it does not comply with EU law. We expect that the Hungarian government will engage in a dialogue to resolve this issue as soon as possible. We await a reaction from the Hungarian authorities within a month.*"

The European Commission concluded that this law does not comply with EU law for the following reasons:

- The law interferes unduly with fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union, in particular the **right to freedom of association**. The new law could prevent NGOs from raising funds and would restrict their ability to carry out their work.
- The law also introduces unjustified and disproportionate **restrictions to the free movement of capital**, as outlined in the Treaty on the Functioning of the European Union. The new registration, reporting and publicity requirements foreseen by the law are discriminatory and create an administrative and reputational burden for these organisations. These measures may have a dissuasive effect on the funding from abroad and make it difficult for the concerned NGOs to receive it.
- The law also raises concerns as regards the respect of the **right to protection of private life and of personal data**. It does not strike a fair balance between transparency interests and the right of donors and beneficiaries to protect their personal data. This relates in particular to the requirement to provide the Hungarian authorities with the exact amounts of transactions and detailed information about donors, which are then made public by the authorities.

The Commission has therefore concluded that Hungary is failing to fulfil its obligations under the EU Treaties and the Charter of Fundamental Rights of the European Union.

As a consequence, the Commission has today sent a letter of formal notice to Hungary, giving the Hungarian authorities one month to respond. The Commission stands ready to support and assist the Hungarian authorities in addressing this issue.

Background

A letter of formal notice is a first official request for information and the first step in an infringement procedure. The Hungarian authorities now have one month to respond to the arguments put forward by the Commission. If no reply to the letter of formal notice is received, or if the observations presented by the Hungarian authorities in reply to that notice cannot be considered satisfactory, the Commission may decide to move to the next stage of the infringement procedure, and send a 'reasoned opinion' to Hungary. If necessary, the Commission may then refer the case to the Court of Justice of the EU.

First Vice-President **Timmermans** expressed serious concerns as regards the draft law's compatibility with EU law at the European Parliament Plenary debate on the situation in Hungary on 26 April 2017. The College of Commissioners has already discussed the matter at two of its meetings in April.

The Council of Europe's Commission for Democracy Through Law (the 'Venice Commission') delivered its opinion on 20 June (Opinion No. 889/2017). In its analysis of the compatibility of the law on foreign-funded NGOs with applicable Council of Europe standards, the Venice Commission is concerned

that "the Law will cause a disproportionate and unnecessary interference with the freedoms of association and expression, the right to privacy, and the prohibition of discrimination".

Today, the Commission also decided to send a [reasoned opinion](#) to Hungary on the Hungarian Higher Education Law.

For More Information

- On the key decisions in the July 2017 infringements package, see a full [MEMO/17/1935](#).
- On the July infringements package (on letters of formal notices only), see a full [MEMO/17/1936](#).
- On the general infringements procedure, see [MEMO/12/12](#).
- On the [EU infringements procedure](#)

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