



Infringements -European Commission refers Hungary to the Court of Justice for its NGO Law

Brussels, 7 December 2017

Today, the European Commission is referring Hungary to the Court of Justice of the EU for its law on foreign-funded NGOs.

This is the third step in the infringement procedure. It follows the [letter of formal notice](#) sent by the Commission on 14 July and the [reasoned opinion](#) issued on 4 October this year.

The Commission has decided to start legal proceedings against Hungary for failing to fulfil its obligations under the Treaty provisions on the free movement of capital, due to provisions in the NGO Law which **indirectly discriminate and disproportionately restrict donations from abroad to civil society organisations**. These provisions, which apply by reference to the foreign source of the capital, place a number of administrative formalities and burdens on the recipient of capital and are liable to have a stigmatising effect on both recipients and donors. Thus, they may dissuade people from making donations from abroad to civil society organisations in Hungary. The free movement of capital is one of the four fundamental freedoms of the European Single Market.

In addition to these concerns, the Commission is also of the opinion that Hungary **violates the right to freedom of association and the rights to protection of private life and personal data** enshrined in the Charter of Fundamental Rights of the European Union, read in conjunction with the EU Treaty provisions on the free movement of capital.

Hungary replied to the Commission's letter of formal notice on 14 August and 7 September. After having carefully analysed the explanations put forward by Hungary, the European Commission concluded that **its serious concerns had not been addressed** and so issued a reasoned opinion.

Hungary was given one month to take the necessary measures to comply with this reasoned opinion. The Hungarian authorities did not reply to the reasoned opinion within the deadline. Nor has Hungary, to this day, amended or repealed the contested provisions of the NGO law in compliance with EU law. Therefore the Commission has decided to refer the case to the Court of Justice under Article 258 of the Treaty on the Functioning of the European Union (TFEU).

Background

The **Hungarian law on foreign-funded NGOs**, adopted on 13 June, introduced new obligations for certain categories of NGOs receiving annual foreign funding above HUF 7.2 million (approx. €24,000) to register and label themselves in all their publications, websites and press material as "*organisations supported from abroad*". Such NGOs are also required to report specific information about the funding they receive from abroad to the Hungarian authorities, including, when a donor provides funding above HUF 500,000 in a given year, detailed data concerning the donor and each donation. This data is included in a special Registry and thus becomes publicly accessible. The concerned organisations face sanctions if they fail to comply with the new registration, reporting and transparency obligations.

For More Information

- [Letter of formal Notice on Hungarian NGO Law](#)
- [Reasoned opinion on the Hungarian NGO Law](#)
- On the key decisions in the December 2017 infringements package, see full [MEMO/17/4767](#).
- On the general infringements procedure, see [MEMO/12/12\(an info graph\)](#).
- On the [EU infringements procedure](#).

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