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June 2025

COMMENTS AND RECOMMENDATIONS FOR THE HUNGARIAN DRAFT LAW ON THE “TRANSPARENCY OF PUBLIC LIFE”

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I. INTRODUCTION

On 13 May 2025 János Halász, a Member of Parliament from the ruling Fidesz Party, submitted a draft law on the “Transparency of Public Life”. Despite its innocuous sounding name, the draft law represents the most severe and sweeping attempt to trample on democratic institutions and civil liberties in Hungary since Viktor Orban’s return to power in 2010. If enacted, the law would allow the Hungarian government to surveil, penalize, restrict and potentially ban any organization it deems a threat to national sovereignty. This measure amounts to Hungary’s complete abandonment of its responsibilities as a member of the European Union and would demonstrably undermine democracy on which the European system is premised.

If enacted, the law would allow authorities to blacklist organizations, block their funding—including from EU sources—and impose punitive sanctions without adequate legal safeguards. Its vague and overly broad provisions threaten to silence dissent, stifle public debate, and chill the work of organizations advocating for human rights, minority protections, and government accountability. The draft law’s scope transcends Hungarian territory, but rather sets a dangerous precedent for other European Union members states and poses a direct challenge to the integrity of the European and international human rights systems.

In this report, ASSEDEL (L'Association européenne pour la défense des droits et des libertés) provides a detailed analysis of the draft law’s provisions, outlines its incompatibility with European standards, and offers targeted recommendations for both European Union and international institutions. The aim is to expose the deleterious effects of the draft law, as well as support urgent and coordinated action to defend civil society, protect fundamental freedoms and uphold the rule of law in Hungary and across Europe.

II. KEY PROVISIONS OF THE DRAFT LAW AS A LEGAL WEAPON TO SILENCE OPPOSITION

The Hungarian draft law purports to substantially extend the powers of the Hungarian Sovereignty Protection Office (SPO) - a state authority established in December 2023 to intimidate civil society and independent media in Hungary. The draft law would empower the SPO to establish a “register of organizations” and target “any legal person or entity without legal personality that threatens Hungary’s sovereignty by carrying out activities aimed at influencing public life” (Sections 4 and 5). The SPO is already being challenged before the European Court of Justice, but nevertheless continues its operations. Notably, any funding from outside Hungary – including EU grants or donations as small as five euros – could be classified as a sovereignty threat. Once an organization is placed on the Hungarian government’s blacklist, it would face severe restrictions. Key provisions include:

- Any foreign revenue, regardless of size or source, including from the EU or private individuals, qualifies;
- Foreign funding is banned, unless specifically cleared by the Tax Office under opaque procedures [Sections 7(1)b, 10(3)(b)];
- Banks must monitor blacklisted accounts and alert the Tax Office, which can suspend transactions for up to 180 days [Section 10];
- Illegally accepted funds must be surrendered to the National Cooperation Fund; a 25x fine is imposed [Section 11(2)];
- Repeated infractions or failure to comply triggers a ban on public activity or dissolution [Sections 12(1), 12(2)a, 41, 44(2)];
- Contracts involving foreign funds become void [Section 35];

- Blacklisted lose their tax-benefit status, including the right to receive to the 1 percent personal tax donation scheme - a source of income crucial to their survival [Section 7(1)c];
- Hungarian donors must provide a legally binding statement confirming domestic origin of funds [Section 7(3)];
- Leaders (executives, founders, supervisors) face annual asset declaration obligations, with AML/PEP checks extending to relatives and partners [Sections 7(1)a, 7(2), 48];
- Noncompliance may result in 5,000 EUR fines (repeatedly) and suspension of legal representation rights [Sections 17(2), 17(3)];
- Delay in declaration beyond 30 days results in an operational ban [Section 19];
- Executives of dissolved entities are barred for 5 years from forming or managing any civic or economic body [Sections 40, 45];
- The Tax Office gains vast investigative authority: unannounced inspections, data collection, access to private/state records—without proper safeguards [Sections 25–27, 29, 37, 39, 42, 51];
- Appeals go to the politically influenced Kúria, with no interim relief and limited authority to overturn decisions [Sections 9(3), 9(4)].
- Any media outlet would only be able to receive an exemption for foreign funding with the permission of the Hungarian anti-money laundering authority.

Although the draft law does not explicitly reference the media, its scope encompasses any legal entity registered in Hungary that engages in activities capable of influencing public opinion or democratic discourse. In effect, this would prevent civil society organizations and independent media from securing grants and donations. This measure represents the most serious attack on Hungarian civil society in recent years and is intensifying a decade-long campaign by the Orban government to stigmatize independent organizations and erode media pluralism. Thus, the proposed legislation will make it outright impossible for civil society organizations that are critical of the government or those advocating for women's and LGBTQI+ rights to receive any form of support from abroad – including dedicated EU funding under the Citizens, Equality, Rights and Values (CERV) programme. It is worth noting that its reach extends beyond NGOs to include private businesses, religious organizations and educational institutions, as it restricts the free flow of capital and does not specify which kind of legal entity will be targeted.

The draft law's chilling effect is considerable, given that most provisions are vague and it is difficult to understand what the authorities would deem as a prohibited activity. The draft law's arbitrary criteria for blacklisting mean that any act or reporting that casts doubt on Hungary's democratic or constitutional character, or questions the primacy of marriage, family or biological sex, could be deemed a threat to sovereignty if allegedly supported by foreign funding. The proposed legislation poses a direct challenge to the supremacy of EU law and undermines the legitimacy of the European Commission's policy framework.

III. VIOLATIONS OF EUROPEAN UNION VALUES, RIGHTS AND FREEDOMS

The Hungarian draft law constitutes a multi-layered breach of the European Union's legal framework. At its core, it targets civil society groups to make it harder for them to operate and thus blatantly contravenes the EU Charter of Fundamental Rights. Specifically, the draft law threatens the freedoms of association (Article 12), expression (Article 11), the right to a fair trial (Article 47), and the right to an effective legal remedy (Article 47).

Legal appeals against such punitive measures are directed exclusively to the Kúria, Hungary's

Supreme Court, which is widely perceived as being politically influenced due in large part to the judicial appointment process. In particular, the European Commission and the Venice Commission have recently expressed grave concern over Fidesz's passing of laws which have concentrated power over judicial appointments and court administration in the hands of politically aligned individuals. For example, the President of the National Judicial Office (NJO), who holds significant influence over judge appointments and promotions, has been accused of favoring judges loyal to the government's agenda. These developments have compromised the independence Kúria needs to fairly adjudicate cases, especially those involving politically sensitive matters or challenges to government authority.

Compounding the issue is the fact that the draft law greatly circumscribes the Kúria's authority, to overturn decisions rendered by the newly empowered Sovereignty Protection Office (SPO). The law lacks basic procedural safeguards, such as the right to a public hearing, transparency in decision-making and access to evidence. Further, there is no provision for interim relief, meaning punitive measures can be enforced immediately, even while an appeal is pending. This framework undermines both the right to a fair trial and the right to an effective legal remedy, as requiring affected parties to go through a court perceived as politically compromised means the parties have a minimal chance of challenging or reversing arbitrary government actions.

Moreover, by targeting and restricting funding—including EU grants and intra-EU donations—for any entity deemed a “sovereignty threat,” the law stands in direct opposition to the EU's vision as a single market and shared community. The draft compels banks to act as agents of political suppression by requiring them to monitor, freeze, and report transactions involving blacklisted organizations. These measures violate Article 63 of the Treaty on the Functioning of the European Union (TFEU), which guarantees the free movement of capital within the EU, and threaten the integrity of the single market by interfering with intra-EU payments and contractual relationships. The draft law further restricts the freedom to provide services, particularly in the media sector, further fragmenting the internal market.

Even more damning is the draft law's misuse of the Anti-Money Laundering (AML) framework for political purposes. By extending AML/PEP (politically exposed persons) checks to the leaders, relatives, and partners of targeted organizations—without credible evidence of financial wrongdoing—the government weaponizes financial regulation to intimidate and silence critics. This not only undermines the legitimate objectives of AML frameworks but also threatens the integrity of EU-wide efforts to combat financial crime by conflating political dissent with criminal activity.

It is important to highlight that the proposed law is significantly more severe than Hungary's 2017 Law on Transparency, which the European Court of Justice (ECJ) ruled in 2020 to be in violation of EU law. The ECJ found that the law restricted the free movement of capital, failed to safeguard the right to private and family life, and imposed unjustified limitations on the freedom of association. Additionally, the European Council is set to address the Rule of Law Procedure concerning Hungary at its upcoming meeting on 27 May, under Article 7(1), which identifies Hungary as being at risk of a serious breach of EU values. EU leaders should unequivocally condemn the draft legislation and express firm opposition to its potential consequences for democracy in both Hungary and the broader European Union. Given existing ECJ rulings and prior infringement cases involving similar Hungarian legislation, it is demonstrably clear that this draft law constitutes a serious breach of EU law.

IV. RECOMMENDATIONS FOR EUROPEAN UNION AND INTERNATIONAL INSTITUTIONS

A. European Commission

The Commission should acknowledge the unprecedented nature of the draft law's threat – not only to the remaining foundation of pluralist liberal democracy in an increasingly authoritarian Hungary, but also to the EU's legal system and to the Commission's institutional authority. A weak or delayed response would risk causing profound and lasting harm to the integrity of the European Union legal framework. Therefore, ASSEDEL urges the European Commission to act decisively and promptly in order to prevent the law from taking effect and inflicting irreparable harm. The following measures should be taken:

- Caution the Hungarian government that if the draft law is passed, it would seriously conflict with the core values and legal commitments shared by all EU member states;
- Should the draft law be enacted, promptly request the Court of Justice of the European Union to introduce interim measures within the ongoing legal proceedings (C-829/24) related to the Hungarian law on the Defense of Sovereignty passed in 2023. This measure would suspend the activities of Sovereignty Protection Office until the Court has rendered a final decision;
- Refer Hungary to the Court of Justice under Article 260 of the Treaty on the Functioning of the European Union (TFEU) for failing to fulfil its obligations under the Court's 2017 LexNGO ruling (C-78/18);
- Initiate a new infringement procedure aimed at suspending the entire draft law; and
- Prepare for potential further developments and consider all available options to support those organizations which may be affected by the draft law, including providing emergency assistance and flexible aid to impacted organizations.

Given that the European Commission is entrusted with the vital role of upholding EU law and protecting the fundamental values on which the EU is premised (i.e., democracy, the rule of law and the respect of fundamental rights). With the proposal of this draft law, the Hungarian government is threatening these shared values and the proper functioning of the EU's legal system. The onus thus falls squarely on the Commission to act decisively to prevent harm and protect the organizations which could be deleteriously affected. As the guardian of the treaties, the Commission is responsible for ensuring that all member states comply with their legal obligations under EU law, and for taking action when those obligations are at risk of being breached. Effective enforcement—through infringement procedures, interim measures, and support for those impacted—ensures that the rights and freedoms guaranteed by EU law remain meaningful and accessible to everyone in the Union.

B. Council of Europe

a. Parliamentary Assembly of the Council of Europe (PACE)

As the deliberative body representing all Council of Europe member states, PACE has been entrusted with authority to pass resolutions and recommendations which demand action from national governments, as well as to and monitor human rights violations. In light of the developments in Hungary, ASSEDEL urges PACE, specifically its Committee on Legal Affairs www.assedel.org

and Human Rights, to leverage its powers to:

- Discuss the severe ramifications in its Committee on Legal Affairs and Human Rights;
- Request an urgent opinion from the Venice Commission on the compatibility of the draft law with the European Convention on Human Rights;
- Encourage the Hungarian authorities to fully cooperate with the Venice Commission, including by providing all necessary information and engaging in meaningful dialogue during the review process; and
- Adopt an urgent resolution unequivocally condemning the Hungarian draft law for violating the European Convention on Human Rights, including freedom of association, expression and a right to a fair trial.

b. Office of the Commissioner for Human Rights

The Commissioner for Human Rights holds a vital mandate in promoting the effective observance of human rights, identifying shortcomings in law and practice, and providing guidance and recommendations to member states to uphold the Council of Europe's human rights standards. The Hungarian draft law presents a clear and urgent threat to these standards, eroding core democratic freedoms, civil society, and the rule of law. A robust response to the Hungarian draft law, made on behalf of the Commissioner, is central to the Commissioner's independent role as a guardian and defender of human rights across Europe. Thus, ASSEDEL invites the Commissioner to promptly take the following measures into consideration:

- Publicly condemn the draft law and raise concerns about the grave threat it poses to human rights, democracy and the rule of law in both Hungary and across the European Union;
- Urge the Hungarian government to immediately withdraw the draft law in its entirety and to refrain from adopting any measure which would undermine civil society, an independent media and fundamental freedoms;
- Support the adoption of a resolution by the Parliamentary Assembly or Committee of Ministers, condemning the draft law and urging Hungary to respect its human rights obligations; and
- Advocate for coordinated action with the European Union by supporting the use of infringement proceedings and the Article 7 TEU process to defend civil society and fundamental rights.

C. European Parliament

Given the European Parliament's legislative and supervisory powers, as well as its responsibility to uphold EU values and fundamental rights, ASSEDEL proposes the following recommendations:

- Adopting a resolution which strongly condemns the draft law and the targeting of independent media and civil society, consistent with its previous resolutions addressing the democratically deteriorating situation in Hungary;
- Encouraging the European Commission to immediately initiate infringement proceedings against Hungary, request interim measures from the CJEU;
- Encouraging the Council to move forward with Article 7 TEU procedures, including setting clear and timebound recommendations, and if necessary, advancing to a vote on

sanctions for persistent breaches of EU values.

D. United Nations Human Rights Council

The United Nations Human Rights Council (HRC) is charged with the responsibility of serving as the principal intergovernmental body within the UN system tasked with strengthening the promotion and protection of human rights worldwide, and responding decisively when these standards are threatened. Hungary's draft "Transparency in Public Life" bill poses exactly such a threat, with the potential to erode democratic institutions and set a worrying precedent for other countries. In light of this, ASSEDEL recommends that the HRC:

- Place Hungary's situation on the Council's agenda and hold a dedicated debate on the risks posed by the draft law to civil society and democratic governance;
- Adopt a resolution calling on Hungary to withdraw the draft law given that its contents contravene international human rights obligations, particularly freedom of association (set out in Article 22 of the International Covenant on Civil and Political Rights [ICCPR]), freedom of expression (set out in Article 19 of the ICCPR), and the right to an effective remedy and fair trial (set out in Article 2(3) of the ICCPR);
- Mandate UN Special Procedures (such as the Special Rapporteurs on freedom of association and freedom of expression) to monitor the Hungarian situation and publicly report its findings on the draft law's impact;
- Encourage robust Universal Periodic Review (UPR) engagement which addresses the draft law's compatibility with Hungary's international obligations and issue clear and actionable recommendations for reform and compliance; and
- Establish a mechanism for ongoing monitoring and public reporting on Hungary's implementation of the Council's recommendations, maintaining pressure for compliance.

V. CONCLUSION

Through the draft law, on the "Transparency in Public Life," the Hungarian government has intensified its efforts to trample on the pillars fundamental to liberal democracy. The draft law's main intent is to attack independent media and civil society, through the Sovereignty Protection Office's sweeping and arbitrary powers to monitor, restrict, and dissolve organizations deemed a threat to "national sovereignty." This will demonstrably limit citizens' ability to use democratic institutions and norms to hold the government to account, allowing Orban to further consolidate his power and weaken the rule of law sustaining democracy. The erosion of checks on executive authority will inflict considerable harm, given their paramount importance for the functioning of democracy by providing information critical of the government.

Far from ensuring transparency, the draft law would empower authorities to silence independent voices, restrict essential funding, and undermine the very foundations of pluralism and the rule of law. Its vague provisions and punitive sanctions threaten not only NGOs and independent media, but also the broader fabric of Hungarian society, including religious, educational, and business entities as banks will restrict the free flow of capital. The chilling effect is intensified by the law's vague blacklisting criteria and absence of meaningful legal protections and remedy, leaving dissenting organizations in a constant state of uncertainty and vulnerability to government retaliation.

In light of this, the draft law flagrantly violates Hungary's obligations under the EU Charter of Fundamental Rights, the European Convention on Human Rights, and international treaties

such as the ICCPR. It disregards established European Court of Justice rulings and undermines the integrity of the EU's legal order. If enacted, it would set a dangerous precedent, emboldening further erosion of democratic norms both within Hungary and across the European Union.

The gravity of this threat demands a robust and coordinated response from European and international institutions. The European Commission, Council of Europe, European Parliament, and United Nations Human Rights Council each have a crucial role to play in defending the rule of law, protecting civil society, and upholding the shared values that underpin the European and international order. Decisive action—including legal proceedings, political pressure, and emergency support for affected organizations—is essential to prevent irreparable harm.

At this critical juncture, the credibility of Europe's human rights system and the future of Hungarian democracy are at stake. ASSEDEL calls on all relevant institutions mentioned in this report to act swiftly, firmly, and in unison to ensure that Hungary remains a country where fundamental rights, democratic participation, and the rule of law are not only protected, but also strengthened.