2023 QUESIONNAIRE SURVEY

The Operation and Practice of Public-Interest and General Nonprofit Corporations

The 2023 Survey — The Sector Before Japan's Public-Interest Corporation Reform

ENGLISH SUMMARY EDITION

1,808 responding corporations

Surveyed September 2023・Published June 2024

PUBLISHED BY

Japan Association of Charitable Organizations

The Operation and Administration of Public-Interest and General nonprofit corporations — The 2023 Survey

English Summary Edition

An abridged English edition of the Japanese-language survey report published by the Japan Association of Charitable Organizations.

Original edition

公益法人・一般法人の運営等に関するアンケート結果（2023 年 9 月実施分）報告書

Japan Association of Charitable Organizations

2-27-15 Honkomagome, Bunkyo-ku, Tokyo 113-0021, Japan · Tel +81-3-3945-1017 · https://www.kohokyo.or.jp/

About this edition

Tables have been rebuilt in English from the originals, with Japanese numeric conventions converted to international usage. The seven charts were drawn for this edition from figures in the original report, which contains no charts of its own. The primer on Japan's public-interest corporation system and Part 9 (“Notes for Readers Outside Japan”) have been added by the editors and do not form part of the original report.

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About This English Summary Edition

This volume is an abridged English edition of *Survey Results on the Operation of Public-Interest and General nonprofit corporations — Report on the Round Conducted in September 2023*, published in 2024 by the **Japan Association of Charitable Organizations (JACO)**. The original runs to 139 numbered pages and contains **126 statistical tables**, several hundred verbatim comments, and the full text of both questionnaires. This edition condenses that material for readers outside Japan.

What has been kept, and what has been condensed

- **Every substantive section of the original is represented** — survey design, the public-interest corporation results, the General nonprofit corporation results, and the Association's conclusions.
- **The most informative tables have been rebuilt in English**, with Japanese numeric conventions (万 / 億) converted to international usage. The prefecture cross-tabulations, which run to a full page each in the original, are summarized statistically in Part 5 rather than reproduced row by row.
- **Seven charts have been drawn for this edition** from figures in the original, which contains no charts of its own. They are marked as such in their captions.
- **Part 9 has been added by the editors** to orient readers unfamiliar with the Japanese system. It is not part of the original report.

Conventions

Japanese legal and accounting terms are given in English with the original at first mention and are collected in the Glossary (Appendix A). Monetary amounts are in Japanese yen; for orientation only, ¥100 was worth roughly US$0.68 at the time of the survey, so the ¥10 million threshold that recurs below is on the order of US$68,000 and the ¥1 billion threshold on the order of US$6.8 million.

> **A note on the two populations surveyed**
>
> The survey covers two legally distinct populations that are often confused in English-language writing about Japan. **Public-interest corporations** have passed a certification process and enjoy tax privileges in exchange for detailed supervision. **General nonprofit corporations** are freely established, are not supervised in the same way, and receive no comparable tax treatment. The two are governed by different rules, were asked different questions, and are reported separately — in Parts 2 to 5 and Part 6 respectively. This edition opens with a short primer on how the two relate.

Inquiries about this edition or about the original report may be addressed to JACO, whose details appear on the imprint page.

Japan's Public-Interest Corporation System

The two-tier structure

Japan's system of corporations for the public benefit dates from **1896**. It was recast in **December 2008** on the principle of “advancing the public interest through private initiative”. Since then the law has operated on two tiers.

Tier	How it is obtained	Supervision	Tax treatment
General nonprofit corporation	By registration alone. No permission or certification is required, and any purpose is permissible	None, once established — except for “transition corporations” still working through a public-interest purpose expenditure plan inherited from the pre-2008 system	Depends on tax classification: **strictly non-profit** and **mutual-benefit** types are taxed only on the 34 enumerated profit-making activities; the **ordinary** type is taxed on all income

Tier	How it is obtained	Supervision	Tax treatment
Public-interest corporation	A General nonprofit corporation applies for **public-interest certification** from the Cabinet Office (for nationwide bodies) or from a prefectural governor	Continuous: annual filings, on-site inspections, and prior certification or notification for changes	Public-interest activities are exempt from corporate tax; donors may claim deductions, and corporations that obtain **tax-credit certification** allow individual donors a credit rather than a deduction

The practical consequence is a trade-off that runs through the whole of this survey: **public-interest status buys credibility and tax relief at the price of a continuing compliance burden**, and each corporation decides for itself whether the exchange is worth making. As Part 6 shows, in 2023 most General nonprofit corporations had decided it was not.

The three financial tests

Three constraints, applied annually, shape almost every finding in Parts 2 to 4. All three were altered by the 2025 reform; this survey measures them in their original form.

- **The balance of income and expenditure** (*shūshi sōshō*) — income from public-interest activities may not exceed expenditure on them, tested **each year** and in **two stages**, first activity by activity and then across public-interest activities as a whole. A surplus must be cleared, in principle by the following year-end.
- **The public-interest activity ratio** — expenditure on public-interest activities must be at least 50 percent of total expenditure.
- **The idle-asset ceiling** — assets not committed to a specific purpose may not exceed roughly **one year's public-interest activity expenditure**. Two escape valves exist — the **asset-acquisition fund** and the **designated expense reserve** — but both are conditional and, as Part 4 shows, widely found hard to use.

The shape of the sector

As of **April 5, 2024**, Japan had **9,705 public-interest corporations** (4,155 associations and 5,550 foundations) against **85,321 General nonprofit corporations** (77,596 associations and 7,725 foundations). Over the roughly thirteen months since the previous count, public-interest corporations grew by **34** while General nonprofit corporations grew by **5,211**. Public-interest corporations are therefore **10.2 percent** of the 95,026 bodies established under the General nonprofit corporations Act — a share that fell 0.5 points from the previous round.

Table 0.1 — Table 1 of the original report.

Legal form		Number (Apr 5, 2024)	Change on Mar 21, 2023
Public-interest corporations	Associations Foundations **Total**	4,155 5,550 **9,705**	**+34**
General nonprofit corporations	Associations Foundations **Total**	77,596 7,725 **85,321**	**+5,211**
Combined (General nonprofit corporations Act)		**95,026**	public-interest share **10.2%** (−0.5 pt)
Specified non-profit corporations	of which certified	49,154 1,284	−820 +20
Social welfare corporations		21,232	+34

Public-interest, general, specified non-profit and social welfare corporation counts are compiled from the National Tax Agency corporate-number site; the certified specified non-profit corporation figure is from the Cabinet Office NPO site.

The Association reads these numbers as evidence of a system that is not doing what it was created to do. Fifteen years after the new regime came into force, **fewer than 800 public-interest corporations have been newly established**; most of the 9,705 are bodies large enough to bear the regulatory requirements, and for a newly founded or small organization certification is, in the Association's words, a large hurdle. The complaint it makes is precise: complex procedure, beginning with the three financial tests, causes **public-interest resources to be consumed on compliance rather than on the public interest**, and the resulting social loss “cannot be overlooked.”

Where the reform stood in September 2023

Editors' note. The **final report of the Cabinet Office's expert panel on the public-interest corporation system for a new era was published in July 2023**, two months before this survey went into the field — the questionnaire itself says so, and one respondent asks JACO for a seminar explaining it. The legislation that followed took effect on **April 1, 2025** and changed, among much else, all three of the financial tests described above — replacing the annual balance test with a five-year one, creating a **Public-Interest Enhancement Fund** into which surpluses may be placed, permitting a continuity reserve of about one year's expenditure, renaming idle assets and averaging their ceiling over five years, and converting many change-certifications into notifications. None of that had happened when these 1,808 corporations answered. What they describe is the problem, not the remedy.

The Survey at a Glance

Title	Survey Results on the Operation of Public-Interest and General nonprofit corporations — Report on the Round Conducted in September 2023
Conducted by	Japan Association of Charitable Organizations (JACO)
Field period	September 8–28, 2023 (three weeks)
Method	Web-based questionnaire
Sent to	5,799 public-interest corporations · 6,456 General nonprofit corporations (estimated delivered)
Valid responses	**1,150 public-interest corporations (19.8%)** · **658 General nonprofit corporations (10.2%)** · 1,808 in total
Composition — public-interest	500 associations · 650 foundations. By certifying authority: 323 Cabinet Office (28.1%) · 827 prefectural (71.9%)
Composition — general	451 associations · 207 foundations. By tax status: 353 strictly non-profit · 106 mutual-benefit · 199 ordinary
Questions	28 for public-interest corporations · 15 for General nonprofit corporations
Series	Conducted annually since 2008; General nonprofit corporations added in 2014
Report published	September 2023

The seven findings that matter most

1. **Public-interest status is bought for credibility, not for money.** 76.1 percent of public-interest corporations name greater public trust than a General nonprofit corporation as the benefit of the status; tax exemption for public-interest activities follows at 54.1 percent. And 83.7 percent would choose the same status again.
2. **Two burdens dominate, and they are of different kinds.** 53.7 percent name the annual statutory filings and 52.4 percent the balance-of-income-and-expenditure rule — one an administrative load, the other a substantive constraint on what the corporation may do. Nothing else exceeds 46 percent.
3. **The balance rule is not rejected in principle; its annual operation is.** Only 31.8 percent want it abolished outright, while **61.3 percent** say they accept the idea of medium-term balance but want the annual test and the surplus-clearing requirement reviewed. That is the reform of April 2025 described, by its intended beneficiaries, eighteen months in advance.
4. **The burden falls unevenly by size, and in opposite directions.** The balance rule constrains 33.9 percent of corporations with income under ¥10 million but 65.5 percent of those in the ¥500 million–1 billion band. The public-interest ratio and the activity report do the reverse — 25.8 and 54.0 percent of the smallest, against 7.4

and 41.1 percent of the largest.

5. **Fundraising is not happening.** 48.6 percent of public-interest corporations and 79.3 percent of General nonprofit corporations had no donation income at all; including those below 10 percent, the figures are 79.7 and 94.6 percent. Only 24.6 percent of public-interest corporations hold tax-credit certification, and 34.2 percent **do not know the scheme exists**.
6. **The reform has not moved General nonprofit corporations toward certification.** 85.4 percent would choose General nonprofit corporation status again; 8.5 percent would take public-interest status. The most common reason for staying out is not tax or paperwork but freedom: 52.3 percent say they want to carry out public-benefit work **freely and flexibly**.
7. **One statute, forty-eight administrations.** The experience of the same national rules diverges sharply by certifying authority. The share of corporations reporting some difficulty with the status runs from 66.7 percent (Fukui) to 100 percent in fourteen prefectures; the share saying the authority's guidance is unproblematic runs from 42.9 percent (Chiba) to 100 percent in four prefectures.

Part 1 — The Survey and Its Respondents

1.1 Why the Association runs this survey

JACO states the purpose plainly. The system created in 1896 and recast in December 2008 has, on the General nonprofit corporation side, developed steadily: **more than 85,000 General nonprofit corporations** now exist and, in the Association's assessment, the sector has achieved quantitatively stable growth as a contributor to solving social problems.

The public-interest side has not. The Association's diagnosis is that complex administrative procedure — beginning with the three financial tests — produces a situation in which **public-interest resources are consumed in order to comply with regulation**, and that the resulting social loss cannot be overlooked. The consequence it points to is the stagnation of the population: fifteen years after the new system came into force, fewer than 800 public-interest corporations have been newly established, and most of the 9,705 in existence — the majority of them transferred from the old regime — are bodies large enough to bear the requirements. For a newly founded or small organization, it infers, certification is a **large hurdle**. Unless that is resolved, the Association argues, the advancement of the public interest by private initiative promised in Article 1 of the Certification Act will remain difficult to achieve in quantitative terms.

The survey is therefore run each year with three stated objects: to record **how the situation came about**, to record **the state of corporate and business operation**, and to identify **needs for improvement of the system**. The Association notes that the results are cited in the National Diet and hopes they will feed into legislative reform.

1.2 Who was asked, and who answered

The questionnaire was administered on the web, as in previous years, to the corporations for which the Association holds e-mail addresses it considers likely to reach their destination: **5,799 public-interest corporations and 6,456 General nonprofit corporations**. The field period ran from **September 8 to 28, 2023**.

	Public-interest corporations	General nonprofit corporations
Sent (estimated delivered)	5,799	6,456
Valid responses (response rate)	**1,150 (19.8%)**	**658 (10.2%)**
Associations / foundations	500 / 650	451 / 207
By certifying authority (public-interest) By tax classification (general)	Cabinet Office 323 Prefectural 827	Strictly non-profit 353 Mutual-benefit 106 Ordinary 199

Table 1.1 — Table 2 of the original. "Sent" is on an assumed-delivery basis. Non-profit-type General nonprofit corporations (strictly non-profit and mutual-benefit) are treated as public-interest corporations for corporate tax purposes but are taxed on profit-making activities; the ordinary type is taxed on all income.

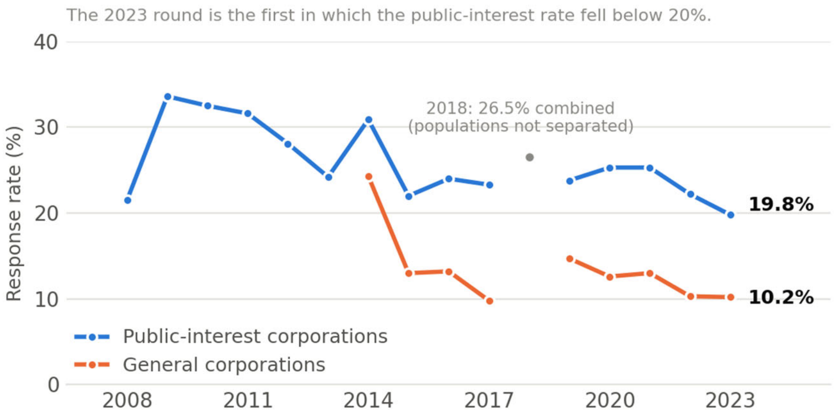

Figure 1.1 — Response rates, 2008–2023.

Drawn for this edition from Table 3 of the original, which contains no charts. The 2018 round did not distinguish the two populations, so its 26.5 percent is plotted as a single combined point and both series break there.

The Association draws attention to the trend. Response rates were comparatively high immediately after the new system came into force in 2009, softened after the transition period closed in 2015, and in **2023 fell below 20 percent for the first time**. The General nonprofit corporation survey, run since 2014, has consistently returned about half the public-interest number. Because the results are cited in the Diet and are intended to make the effects of policy demonstrable over time, the Association asks respondents to keep taking part.

Year	PIC responses	PIC rate	General responses	General rate
2008	2,079	21.5%	—	—
2009	3,148	33.6%	—	—
2010	2,955	32.5%	—	—
2011	4,416	31.6%	—	—
2012	3,441	28.1%	—	—
2013	1,623	24.2%	—	—
2014	2,103	30.9%	1,711	24.3%
2015	1,583	22.0%	737	13.0%
2016	1,548	24.0%	1,076	13.2%
2017	1,586	23.3%	703	9.8%
2018	2,452	26.5%	1,609	26.5%
2019	1,439	23.8%	986	14.7%
2020	1,515	25.3%	796	12.6%
2021	1,523	25.3%	791	13.0%
2022	1,557	22.2%	750	10.3%
2023	**1,150**	**19.8%**	**658**	**10.2%**

Table 1.2 — Table 3 of the original: responses and response rates since the 2008 round. The 2018 round did not separate the number sent by legal form, so the individual rates are not strictly known; 26.5 percent is the combined figure.

1.3 What was asked

The questionnaire covered the choice of legal form, organizational operation, donations and tax, the governance code, and the conduct of the certifying authorities. Because the two systems differ structurally, the two questionnaires differ: **28 questions for public-interest corporations, 15 for General nonprofit corporations**. The full text of both is reproduced in the original report. Where possible the Association cross-tabulated, as in the previous year, to get closer to the underlying situation.

Theme	Asked of public-interest corporations	Asked of General nonprofit corporations
Basic information	Legal form · type · certifying authority · field of activity · whether profit-making activities are carried on · transfer of profit-making surplus to public-interest assets · content of those activities · main revenue and income size, FY2022	Legal form · type · location · tax classification · field of activity · main revenue and income size, FY2021
The corporation	Benefits of the status · difficulties · views on the balance rule · on the idle-asset ceiling · on certification procedure · on the Schedule H guidance · which form would be chosen again · why another form	Benefits · difficulties · free-text detail on those difficulties · which form would be chosen again · why not public-interest status
Donations and tax	Donations as a share of income · why no fundraising · response to tax-credit certification · why not obtained · what would promote giving · tax requests · views on the accounting standard	Donations as a share of income · why no fundraising · what would promote giving · tax requests

Theme	Asked of public-interest corporations	Asked of General nonprofit corporations
The authorities	Supervision · change-certification and notification · the authority's guidance · requests to the authority	—
Other operation	Net-asset rule and compulsory dissolution (foundations) · governance code: adoption, purpose, reasons against · COVID-19 effects · borrowing · website disclosure · organizational priorities · requests to JACO	Net-asset rule and compulsory dissolution (foundations) · COVID-19 effects · borrowing · website disclosure · organizational priorities · requests to JACO

Table 1.3 — Condensed from Table 4 of the original, which lists the questions side by side.

1.4 Where the corporations are

Before reporting the answers, the original sets out the geography of the sector as a whole — not of the respondents but of all 95,026 corporations, by prefecture, as of April 5, 2024.

Concentration in Tokyo

Tokyo holds 2,350 public-interest corporations, 24.2 percent of the national total. The gap to second-placed Osaka, at 4.4 percent, is 19.8 points. The smallest populations are Akita (71, 0.7 percent), Saga (73, 0.7 percent) and Tottori (78, 0.8 percent). Against the March 2023 count, Tokyo gained most (+19), followed by Hyogo (+5), Kyoto (+4) and Osaka (+4); **ten prefectures lost public-interest corporations** — Iwate, Miyagi, Akita, Niigata, Fukui, Nagano, Shiga, Nara, Shimane and Miyazaki.

For General nonprofit corporations the concentration is sharper still: **Tokyo holds 29,586, or 34.7 percent** — almost unchanged from 34.8 percent a year earlier. Numbers otherwise track prefectural population, and the Association attributes Tokyo's extreme share to the location there of national bodies as well as local ones. Tokyo gained 1,678 General nonprofit corporations in the year, followed by Osaka (+457), Kanagawa (+269), Fukuoka (+185) and Aichi (+181); **no prefecture lost any**.

Where public-interest corporations are proportionally strongest

The public-interest share of the two populations combined is highest in **small-population prefectures** — Yamagata and Kochi at 24.9 percent, Toyama 22.8 percent, Shimane 22.3 percent — and lowest in **Okinawa (5.8 percent), Osaka (6.2 percent), Tokyo and Kumamoto (7.4 percent), Kanagawa (8.2 percent) and Hyogo (8.5 percent)**.

Per 10,000 inhabitants, Tokyo again leads with 1.7 public-interest corporations, while its neighbours record among the lowest values — Saitama and Chiba 0.3, Kanagawa 0.4 — so that the capital region's distribution is centred sharply on Tokyo itself. Kansai looks different: against low values in Osaka (0.5), Hyogo (0.5) and Nara (0.8), **Kyoto records 1.3**. For General nonprofit corporations, Tokyo's 21.1 per 10,000 is more than double second-placed Okinawa (11.1), with Kyoto third at 7.9.

	Highest	Lowest
Public-interest corporations (count)	Tokyo 2,350 (24.2%) Osaka 429 (4.4%) Kyoto 340 (3.5%)	Akita 71 (0.7%) Saga 73 (0.7%) Tottori 78 (0.8%)
General nonprofit corporations (count)	Tokyo 29,586 (34.7%) Osaka 6,503 (7.6%) Kanagawa 4,153 (4.9%)	Akita 292 (0.3%) Tottori 350 (0.4%) Shimane 369 (0.4%)
Public-interest share of both	Yamagata, Kochi 24.9% Toyama 22.8% Shimane 22.3%	Okinawa 5.8% Osaka 6.2% Tokyo, Kumamoto 7.4%
PICs per 10,000 people	Tokyo, Kochi 1.7 Shimane 1.6 Fukui, Kagawa 1.5	Saitama, Chiba 0.3 Kanagawa 0.4 Hokkaido, Osaka, Hyogo, Shizuoka 0.5

	Highest	Lowest
General nonprofit corporations per 10,000	Tokyo 21.1 Okinawa 11.1 Kyoto 7.9	Akita, Saitama 3.1 Chiba 3.2 Tochigi 3.5

Table 1.4 — Compiled by the editors from Table 5 of the original, a full-page 47-row prefectural table. National totals: 9,705 public-interest and 85,321 General nonprofit corporations, 95,026 combined; public-interest share 10.2%; 0.8 public-interest and 6.8 General nonprofit corporations per 10,000 people.

Part 2 — Public-Interest Corporations: The Operating Picture

Where the 1,150 responding public-interest corporations came from, what they do, what they live on, and what they think the status is worth.

2.1 Origins

Of the 1,150 respondents, **500 (43.5 percent) are associations and 650 (56.5 percent) foundations**. Their routes into public-interest status are dominated by one: **805 of them — 70.0 percent — transferred from the pre-2008 regime**, obtaining certification directly as *tokurei minpō hōjin* (special civil code corporations). Among foundations the share is 80.0 percent, twenty-three points above associations.

Route into public-interest status	Associations	Foundations	Total	Change on 2022
Transferred directly from a pre-2008 corporation	285 (57.0%)	520 (80.0%)	**805 (70.0%)**	+4.7 pt
Pre-2008 corporation → General nonprofit corporation → certified	27 (5.4%)	20 (3.1%)	47 (4.1%)	+0.7 pt
Newly established as a General nonprofit corporation from Dec 2008, then certified	25 (5.0%)	21 (3.2%)	**46 (4.0%)**	−3.6 pt
Unincorporated body → General nonprofit corporation → certified	118 (23.6%)	53 (8.2%)	171 (14.9%)	−1.7 pt
Specified non-profit corporation → General nonprofit corporation → certified	8 (1.6%)	4 (0.6%)	12 (1.0%)	−0.5 pt
For-profit company → General nonprofit corporation → certified	1 (0.2%)	0 (0.0%)	1 (0.1%)	−0.2 pt
Other legal form → General nonprofit corporation → certified	36 (7.2%)	32 (4.9%)	68 (5.9%)	+0.6 pt
Total	**500**	**650**	**1,150**	

Table 2.1 — Table 7 of the original. Percentages are of the 1,150 respondents (500 associations, 650 foundations).

Two rows deserve to be read together. **Only 46 respondents — 4.0 percent — were founded from scratch under the new system and then certified**, and that share fell 3.6 points on the previous year. Add the 171 that began as unincorporated bodies and the genuinely new entrants come to 18.9 percent. The remaining four-fifths are, in one way or another, the old system carried forward. This is the arithmetic behind the Association's claim that certification screens out new and small organizations.

2.2 What they do

Respondents were asked to name their **principal field of activity** from a list of thirty-four. The largest single group is community contribution (119, 10.3 percent), followed by grant-making and awards (114, 9.9 percent), work related to public administration (91, 7.9 percent) and arts and culture (86, 7.5 percent). **Three categories drew no respondents at all** — hobby and enthusiast circles, the information society, and spiritual cultivation.

Field	Assn	Fdn	Total	Field	Assn	Fdn	Total
Community contribution	103	16	**119**	Sport	12	35	47
Grant-making, awards	11	103	**114**	Environmental protection	19	26	45
Public administration related	41	50	**91**	Museums, zoos, parks	3	34	37
Arts and culture	15	71	**86**	International cooperation	5	30	35

Field	Assn	Fdn	Total	Field	Assn	Fdn	Total
Social welfare	57	18	75	Children and youth	5	28	33
Education	22	47	69	Research institutes	7	23	30
Scholarships	6	56	62	Medical facilities	5	19	24
Industry associations	46	7	53	Industry creation, start-ups	6	15	21
Learned societies	44	7	51	Same-qualification bodies	18	0	18
Health promotion	31	19	50	Non-profit support bodies	13	1	14

Table 2.2 — The twenty largest fields, from Table 9 of the original. Environmental protection is 19 associations and 26 foundations. The remaining ten fields are smaller; seven of them have fewer than ten respondents each — animal welfare (5), life and rights protection (3), human rights and peace (6), gender equality (6), mutual aid and fellowship (7), religious observance (1) and media (1) — and the original aggregates those 29 corporations into a "fields with fewer than ten" group for all its cross-tabulations. Licensing and certification (11), venue operation (10) and disaster and community safety (11) are reported separately.

2.3 Income and its sources

Size

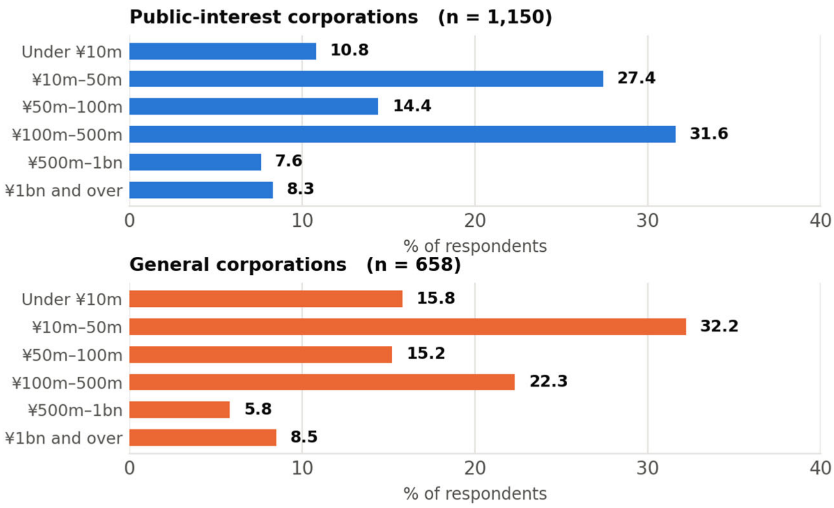

Figure 2.1 — Income in FY2022. Drawn for this edition from Tables 10 and 98 of the original, which contain no charts. The General nonprofit corporation panel is discussed in Part 6.

The commonest band for public-interest corporations is **¥100 million to ¥500 million (31.6 percent)**, followed by ¥10–50 million (27.4 percent) and ¥50–100 million (14.4 percent). Only 10.8 percent fall below ¥10 million; 15.9 percent are above ¥500 million. Most of the largest corporations are foundations: in the ¥1 billion-and-over band, foundations account for 11.2 percent of all foundations against 4.4 percent of associations.

Income, FY2022	Associations	Foundations	Total	Change on 2022
Under ¥10 million	55 (11.0%)	69 (10.6%)	124 (10.8%)	−1.0 pt
¥10 million – under ¥50 million	143 (28.6%)	172 (26.5%)	315 (27.4%)	+1.1 pt
¥50 million – under ¥100 million	78 (15.6%)	88 (13.5%)	166 (14.4%)	−1.5 pt
¥100 million – under ¥500 million	173 (34.6%)	190 (29.2%)	**363 (31.6%)**	+1.2 pt
¥500 million – under ¥1 billion	29 (5.8%)	58 (8.9%)	87 (7.6%)	+0.4 pt
¥1 billion and over	22 (4.4%)	73 (11.2%)	95 (8.3%)	0.0 pt

Income, FY2022	Associations	Foundations	Total	Change on 2022
Total	**500**	**650**	**1,150**	

Table 2.3 — Table 10 of the original.

Size varies sharply by field. Treating under ¥50 million as small, ¥50 million–500 million as medium and ¥500 million and over as large, the original identifies **scholarships (64.6 percent small)** and **disaster and community safety (63.7 percent small)** at one end and **medical facilities (58.3 percent large)** at the other. Licensing and certification bodies are 81.8 percent medium-sized; so are 79.3 percent of the "fewer than ten" group and 73.3 percent of welfare grant-makers.

Profit-making activities

Public-interest corporations may carry on activities that fall within the 34 categories the Corporation Tax Act treats as profit-making. Two distinct things can happen: the activity is accounted for as a **profit-making activity** and taxed, or it is **certified as part of the corporation's public-interest activity** and therefore exempt.

	Associations	Foundations	Total
Carries on profit-making activities as a separate accounting segment	130 (26.0%)	183 (28.2%)	313 (27.2%)
Falls within the 34 categories but is certified and carried on as a public-interest activity	41 (8.2%)	28 (4.3%)	69 (6.0%)
Both of the above	47 (9.4%)	54 (8.3%)	101 (8.8%)
Neither	282 (56.4%)	385 (59.2%)	**667 (58.0%)**
Total	**500**	**650**	**1,150**

Table 2.4 — Table 12 of the original.

Smaller corporations are markedly more likely to run profit-making activities. They account for 34.7 percent of the under-¥10 million band and 34.5 percent of the ¥10–50 million band, falling to 16.9 percent above ¥1 billion; conversely, 74.2 percent of the largest corporations carry on public-interest activities only, against 45.3 percent of the smallest. The Association reads this as small corporations reinforcing a weak financial base in order to keep supplying their public-interest services.

Of the 402 corporations that answered the follow-up question, **266 (66.2 percent) transfer more than half of the profit from those activities into public-interest assets** — the statutory expectation — and 136 (33.8 percent) do not. Among the 376 that described what the activities are, the commonest are **sale of goods (121, 32.2 percent)**, contracting (76, 20.2 percent) and letting real property (64, 17.0 percent). One striking asymmetry: **worker dispatch is carried on by 33 associations and no foundation at all**.

> **When certification is refused**
>
> Two respondents described, in free text, being refused certification of an activity as public-interest and taxed instead.
>
> *"Meeting rooms for hire. We had discussed it as a public-interest activity when we applied, but it was not accepted, on the ground that some of what the hirers do is not for the public benefit."*
>
> *"To take on a designated-manager contract we consulted the administrative scrivener who had helped us transfer, and were going to file a notification of change extending our public-interest activity. The official in charge said a change-certification was required, and that there was not time to process one — so as things stood we would be in breach and liable to penalty. To avoid that we were instructed to apply for it as a profit-making activity, and that is what we did."*

Where the money comes from

Asked to name their **main sources of revenue** in FY2022, respondents put membership dues first (49.4 percent), then income from public-interest activities (41.2 percent) and subsidies from public bodies (36.4 percent). The split between associations and foundations is the sharpest in the survey.

Main revenue (multiple answers)	Associations	Foundations	Total
Membership dues	**399 (79.8%)**	169 (26.0%)	568 (49.4%)
Income from public-interest activities	260 (52.0%)	214 (32.9%)	474 (41.2%)
Subsidies from public bodies	210 (42.0%)	209 (32.2%)	419 (36.4%)
Investment income	38 (7.6%)	**266 (40.9%)**	304 (26.4%)
Contract fees and designated-manager payments	99 (19.8%)	195 (30.0%)	294 (25.6%)
Income from profit-making activities	73 (14.6%)	120 (18.5%)	193 (16.8%)
Donations from individuals	51 (10.2%)	114 (17.5%)	165 (14.3%)
Grants from private funders	49 (9.8%)	46 (7.1%)	95 (8.3%)
Contributions from a parent body	10 (2.0%)	56 (8.6%)	66 (5.7%)
Other	28 (5.6%)	60 (9.2%)	88 (7.7%)

Table 2.5 — Table 16 of the original. Percentages are of the 500 associations, 650 foundations and 1,150 total.

Associations run on dues; foundations run on endowment. Four in five associations name membership dues, against one in four foundations; two in five foundations name investment income, against one in thirteen associations. This single difference explains a great deal of what follows — why associations feel the balance rule and the annual filings more acutely, why foundations are more exposed to interest rates, and why the two groups diverge on almost every question about donations.

By field, dues exceed 50 percent in twelve fields; income from public-interest activities exceeds 50 percent in nine, reaching **100 percent among licensing and certification bodies**; public subsidy exceeds 50 percent in eight, led by industry creation and start-up support at 76.2 percent; contract and designated-manager income in two, led by venue operation at 60 percent; and investment income in four, led by **grant-making and awards at 75.4 percent** and scholarships at 61.3 percent.

2.4 What the status is worth

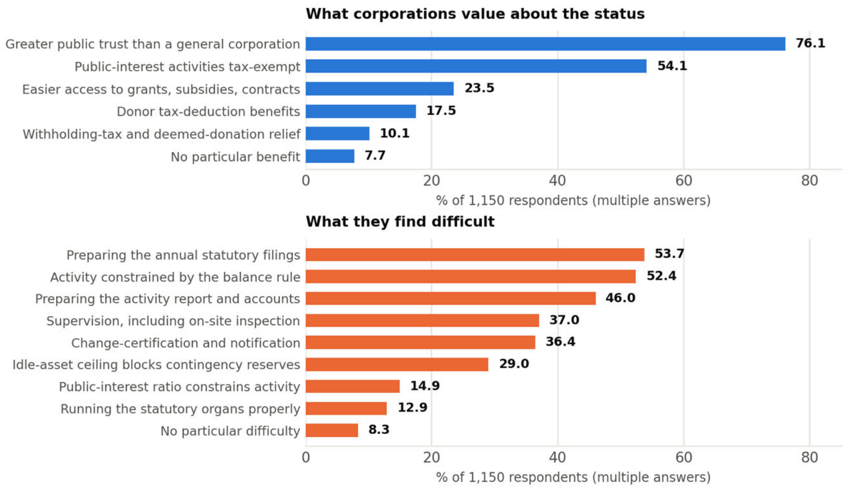

Figure 2.2 — What public-interest corporations value about the status, and what they find difficult. Drawn for this edition from Tables 18 and 21 of the original, which contain no charts. Multiple answers permitted, so columns do not sum to 100.

The benefits

Credibility comes first, by a wide margin. 76.1 percent name greater public trust than a General nonprofit corporation; 54.1 percent the tax exemption of public-interest activities. Only 23.5 percent name easier access to subsidies, grants and designated-manager contracts, and 17.5 percent the donor tax deduction. **7.7 percent see no benefit at all** — down 0.5 points on the previous year.

Benefit of the status (multiple answers)	Associations	Foundations	Total	Change
Greater public trust than a General nonprofit corporation	385 (77.0%)	490 (75.4%)	**875 (76.1%)**	+0.5
Public-interest activities are tax-exempt	251 (50.2%)	371 (57.1%)	622 (54.1%)	−0.6
Easier to obtain subsidies, grants, contracts	139 (27.8%)	131 (20.2%)	270 (23.5%)	+1.5
Donor tax-deduction benefits	47 (9.4%)	154 (23.7%)	201 (17.5%)	−0.6
Withholding-tax exemption, deemed-donation and other relief	25 (5.0%)	91 (14.0%)	116 (10.1%)	+3.3
No particular benefit	54 (10.8%)	34 (5.2%)	88 (7.7%)	−0.5
Other	3 (0.6%)	5 (0.8%)	8 (0.7%)	+0.3

Table 2.6 — Table 18 of the original.

The size gradient on public trust is mild but consistent: **66.9 percent in the smallest band, above 83 percent in the two largest.** The gradient on tax exemption is steeper and rises the same way — 41.1 percent under ¥10 million, above 70 percent above ¥500 million — which is what one would expect of a benefit proportional to the sums involved. The donor deduction runs the other way, valued by 25.0 percent of the smallest and 10.5 percent of the largest.

By field, public trust exceeds 50 percent in **24 of the 25 field groups**, peaking at 90.9 percent among licensing and certification bodies and 90.0 percent among research institutes. Easier access to grants exceeds 50 percent in only one field — sport, at 53.2 percent. Tax exemption peaks among medical facilities (83.3 percent) and venue operators (80.0 percent).

The difficulties

Two answers cross 50 percent, and they are of different kinds: **the annual statutory filings (53.7 percent)** — an administrative load — and **the balance-of-income-and-expenditure rule (52.4 percent)** — a constraint on what the corporation may do. Below them come the activity report and accounts (46.0 percent), supervision including on-site inspection (37.0 percent) and change-certification procedure (36.4 percent). **Only 8.3 percent report no difficulty**, down 0.8 points.

Difficulty (multiple answers)	Associations	Foundations	Total	Change
The annual statutory filings are a heavy clerical burden	284 (56.8%)	333 (51.2%)	**617 (53.7%)**	+0.5
The balance rule constrains our activity	293 (58.6%)	310 (47.7%)	**603 (52.4%)**	−2.0
Preparing the activity report and accounts is a heavy burden	261 (52.2%)	268 (41.2%)	529 (46.0%)	−1.3
Supervision, including on-site inspection	187 (37.4%)	239 (36.8%)	426 (37.0%)	+2.1
Change-certification and notification procedure	184 (36.8%)	235 (36.2%)	419 (36.4%)	+0.1
The idle-asset ceiling prevents provision against contingencies and future change	154 (30.8%)	180 (27.7%)	334 (29.0%)	−0.5
The public-interest activity ratio constrains our activity	102 (20.4%)	69 (10.6%)	171 (14.9%)	−0.6
Running the statutory organs properly is difficult	56 (11.2%)	92 (14.2%)	148 (12.9%)	−1.3
No particular difficulty	28 (5.6%)	68 (10.5%)	96 (8.3%)	−0.8
Other	12 (2.4%)	21 (3.2%)	33 (2.9%)	+0.8

Table 2.7 — Table 21 of the original. “The statutory organs” are the general meeting of members, the board of councillors and the board of directors.

Associations report more difficulty than foundations on every item except organ management — most sharply on the balance rule (58.6 against 47.7 percent), the activity report (52.2 against 41.2) and the public-interest ratio (20.4 against 10.6). Only 5.6 percent of associations report no difficulty at all, against 10.5 percent of foundations.

Aggregating across the whole sample, **91.7 percent of public-interest corporations report at least one difficulty**. Section 5.3 shows how far that figure moves by certifying authority.

2.5 Would they do it again?

83.7 percent would choose public-interest status again — up 3.1 points on the previous year. 13.0 percent would choose General nonprofit corporation status, down 3.5 points; 0.9 percent a specified non-profit corporation, certified or not.

The association–foundation split is again wide. **A quarter of associations (24.4 percent) would choose a different form**, 19.4 percent of them a General nonprofit corporation; among foundations the figure is 10.2 percent.

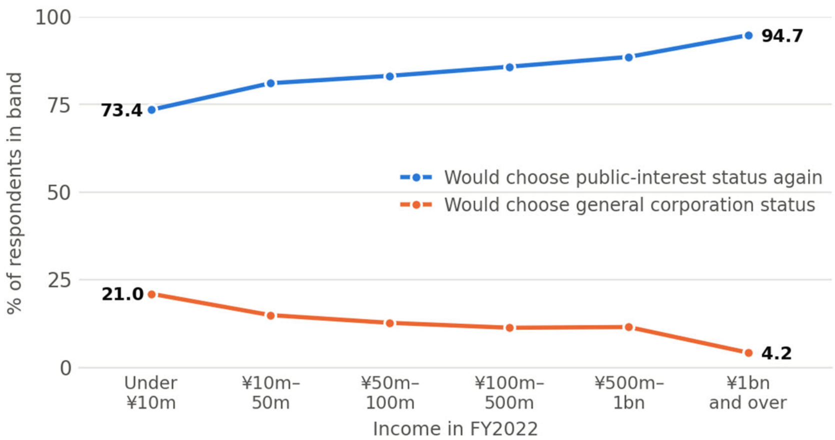

Figure 2.3 — Would you choose the same status again? Drawn for this edition from Table 42 of the original, which contains no charts.

The size gradient is the cleanest in the survey and runs in a single direction: satisfaction rises with income, from **73.4 percent in the smallest band to 94.7 percent above ¥1 billion**, while the wish to be a General nonprofit corporation falls from 21.0 to 4.2 percent. More than a quarter of the smallest corporations would choose differently.

By field, **every respondent in disaster and community safety would choose public-interest status again**; at the other end, 38.9 percent of same-qualification bodies and 35.7 percent of non-profit support bodies would prefer General nonprofit corporation status. By certifying authority, all respondents in Fukui, Nagano, Wakayama, Tottori, Kagawa and Nagasaki would choose it again; the highest wish to leave is in Gifu and Oita, both 42.9 percent. The original's narrative names Oita's 35.7 percent as the highest preference for General nonprofit corporation status in the country; its own Table 43 gives Gifu 42.9 percent, which is higher (see Appendix C).

The 188 corporations that would choose otherwise were asked what they find difficult. Their profile is the general one intensified: **69.8 percent of those wanting General nonprofit corporation status name the annual filings**, 64.4 percent the activity report and accounts, 60.4 percent the balance rule, and 53.0 percent change-certification procedure — every figure well above the sample as a whole. Only one of the 188 reports no difficulty.

Asked why they would prefer another form, **72.5 percent say a General nonprofit corporation has more freedom in how it is run** — down 13.2 points on the previous year — and 40.6 percent that there would be no supervision, allowing them to concentrate on their activities (down 12.9 points). The one rising answer is **“it is easier to work in a way rooted in the local community,” up 10.4 points to 29.0 percent**. Ease of fundraising is named by only 10.1 percent.

Part 3 — Donations and Tax

Japan's public-interest corporations are, on this evidence, not funded by giving. Roughly half receive no donation income at all, three-quarters hold no tax-credit certification, and a third do not know the certification scheme exists.

3.1 How much comes from donations

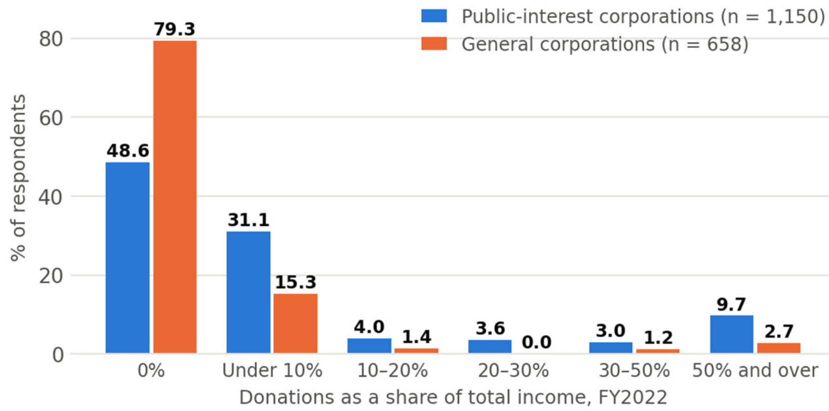

Figure 3.1 — Donations as a share of total income, FY2022. Drawn for this edition from Tables 47 and 113 of the original, which contain no charts. The General nonprofit corporation series is discussed in Part 6.

48.6 percent of public-interest corporations received no donation income at all, and a further 31.1 percent received less than 10 percent of their income from donations. Taken together, **79.7 percent are at or below 10 percent**. Only 9.7 percent draw half or more of their income from giving.

Donations as a share of income	Associations	Foundations	Total	Change
0%	304 (60.8%)	255 (39.2%)	**559 (48.6%)**	+1.6
Under 10%	143 (28.6%)	215 (33.1%)	358 (31.1%)	+0.7
10% – under 20%	16 (3.2%)	30 (4.6%)	46 (4.0%)	−1.5
20% – under 30%	6 (1.2%)	35 (5.4%)	41 (3.6%)	+0.4
30% – under 50%	7 (1.4%)	27 (4.2%)	34 (3.0%)	−0.5
50% and over	24 (4.8%)	**88 (13.5%)**	112 (9.7%)	−0.6
Total	**500**	**650**	**1,150**	

Table 3.1 — Table 47 of the original.

Foundations are the fundraisers. **13.5 percent of foundations draw half or more of their income from donations, against 4.8 percent of associations**, and 60.8 percent of associations receive nothing at all against 39.2 percent of foundations — a difference the Association calls a major characteristic of the sector. Nearly nine associations in ten (89.4 percent) are at or below 10 percent.

Donation dependence falls as income rises: 20.2 percent of corporations under ¥10 million draw half or more of their income from giving, against **none at all above ¥500 million**. By field, scholarships lead at 30.6 percent above the 50 percent mark, followed by environmental protection (24.4) and grant-making (23.7). Twelve fields record no donation income for more than half their respondents, led by licensing and certification (81.8 percent) and industry creation and start-up support (81.0 percent).

3.2 Why corporations do not fundraise

601 corporations do not solicit donations. Their reasons divide into a sufficiency answer and a capability answer, and the two split cleanly by legal form.

Reason for not soliciting donations	Associations	Foundations	Total	Change
Activity and investment income are sufficient	153 (48.1%)	**170 (60.1%)**	323 (53.7%)	+6.6
We have never fundraised and have no know-how	**173 (54.4%)**	103 (36.4%)	276 (45.9%)	+2.3
The administrative burden after a campaign is heavy	57 (17.9%)	55 (19.4%)	112 (18.6%)	+0.8
We would have to report and account for the money afterwards	42 (13.2%)	30 (10.6%)	72 (12.0%)	+0.5
Other	11 (3.5%)	17 (6.0%)	28 (4.7%)	+0.3
Respondents	**318**	**283**	**601**	

Table 3.2 — Table 50 of the original.

Foundations say they do not need to; associations say they do not know how. The gap on sufficiency is twelve points in the foundations' favour, the gap on know-how eighteen points in the associations'. Both gradients also track income: sufficiency rises from 35.2 percent in the smallest band to 62.7 percent in the ¥500 million–1 billion band, while absence of know-how falls from 51.9 to about 40 percent.

The free-text answers add a category the multiple-choice options do not capture — corporations that do not solicit but do receive. *“We do not run a public appeal, but we accept donations if someone offers.” “We do not solicit publicly, but some giving comes in.”* Others give reasons of proportion — *“the donations we could expect are small compared with the clerical work”* — or of experience: *“when we appealed widely on our website we were pestered by a suspicious individual using the donations as a pretext, so we have suspended it.”*

3.3 Tax-credit certification

Corporations that satisfy a **public support test** may obtain *tax-credit certification*, which allows an individual donor to take a credit against tax rather than a deduction from income — a substantially more valuable benefit for most donors. The scheme is the principal instrument Japanese policy has for stimulating individual giving to public-interest corporations. Its uptake, in 2023, was as follows.

	Associations	Foundations	Total	Change
Certified (including applications filed and in preparation)	105 (21.0%)	178 (27.4%)	**283 (24.6%)**	+0.2
Aware of the scheme but not certified	181 (36.2%)	293 (45.1%)	474 (41.2%)	+2.0
Not aware the scheme exists	**214 (42.8%)**	179 (27.5%)	**393 (34.2%)**	−2.2
Total	**500**	**650**	**1,150**	

Table 3.3 — Table 53 of the original.

One public-interest corporation in three does not know that the scheme exists — and among associations it is more than two in five. Fifteen years into the system, that is a striking failure of communication about the sector's most valuable donor incentive.

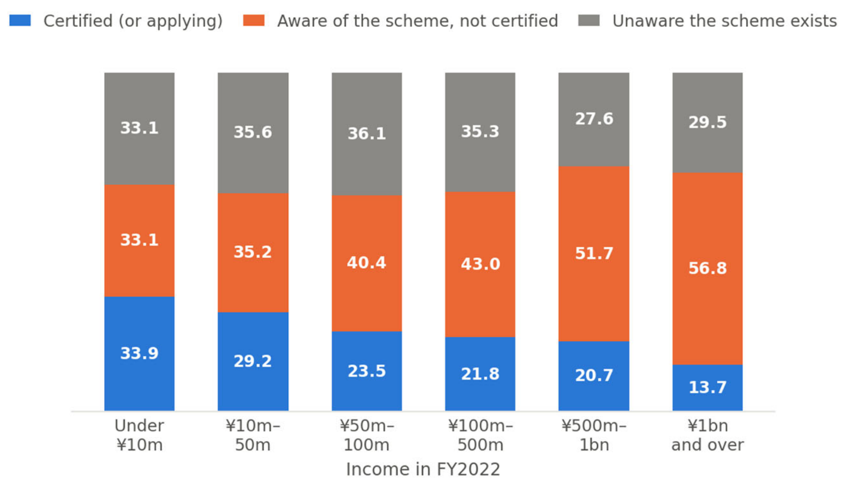

Figure 3.2 — Tax-credit certification by income size. Drawn for this edition from Table 54 of the original, which contains no charts.

The size pattern is counter-intuitive and worth stating carefully. **Certification is commonest among the smallest corporations** — 33.9 percent under ¥10 million, falling steadily to 13.7 percent above ¥1 billion. Awareness without certification runs the other way, from 33.1 to 56.8 percent. Ignorance of the scheme is roughly flat at about a third across the range, dipping only in the two largest bands.

In other words, large corporations know about the scheme and decline it; small ones either take it or have never heard of it. The Association does not draw the inference, but the shape is consistent with the public support test being easier to satisfy on a small income base — a reading the free text supports directly: *“we obtained it once but could no longer satisfy the PST requirement.”*

Certification also tracks donation dependence, as one would expect: **roughly half of the corporations in every band above 10 percent donation income are certified — between 48.8 and 53.6 percent** — against 10.9 percent of those with none. Among corporations with no donation income, **47.4 percent are unaware of the scheme**.

By field, certification is commonest in environmental protection (46.7 percent), international cooperation (42.9) and venue operation (40.0); ignorance of the scheme is commonest among industry creation and start-up support (66.7 percent), same-qualification bodies (61.1) and licensing and certification bodies (54.5). By certifying authority, Miyagi records the highest certification rate at 52.9 percent and Oita 42.9 percent; **fourteen prefectures record majorities that do not know the scheme exists**, led by Tokushima (83.3 percent), Ishikawa (78.6) and Miyazaki (69.2).

Why certification is not obtained

The 491 corporations that are aware of the scheme but have not obtained certification were asked why.

Reason	Associations	Foundations	Total	Change
The public support test is difficult to satisfy	76 (38.6%)	123 (41.8%)	**199 (40.5%)**	**+6.0**
We are not contemplating donations from individuals	61 (31.0%)	68 (23.1%)	129 (26.3%)	−0.6
There is not much benefit for us	34 (17.3%)	66 (22.4%)	100 (20.4%)	+1.3
The procedure is complicated and troublesome	15 (7.6%)	17 (5.8%)	32 (6.5%)	−4.4
The income deduction alone is sufficient	6 (3.0%)	7 (2.4%)	13 (2.6%)	−2.0
Other	5 (2.5%)	13 (4.4%)	18 (3.7%)	−0.2
Respondents	**197**	**294**	**491**	

Table 3.4 — Table 58 of the original.

The public support test is the binding constraint, and it is tightening: at 40.5 percent it is up six points on the previous year, the largest single-year movement in the table, while complaints about the procedure fell 4.4 points. The obstacle, in other words, is not the paperwork but the eligibility rule. By field, the PST is named by 71.1 percent of arts and culture bodies, 66.7 percent of medical facilities and 61.5 percent of research institutes.

3.4 What would promote giving

The 424 corporations that do solicit donations were asked what they hope for.

What would promote giving (multiple answers)	Associations	Foundations	Total	Change
Corporate giving	78 (56.9%)	214 (74.6%)	**292 (68.9%)**	**+20.3**
Many small cash gifts from individuals	66 (48.2%)	125 (43.6%)	191 (45.0%)	**+11.5**
Large cash gifts from wealthy individuals	37 (27.0%)	99 (34.5%)	136 (32.1%)	+6.3
Grants rather than donations	31 (22.6%)	55 (19.2%)	86 (20.3%)	+5.4
Large gifts of property in kind (with capital-gains relief)	6 (4.4%)	20 (7.0%)	26 (6.1%)	+0.2
Other	5 (3.6%)	5 (1.7%)	10 (2.4%)	−0.9
Respondents	**137**	**287**	**424**	

Table 3.5 — Table 60 of the original. Percentages are of the 424 corporations that solicit donations.

Corporate giving jumped 20.3 points in a single year to 68.9 percent, and small individual gifts 11.5 points to 45.0

percent — by far the largest movements anywhere in the survey. Foundations are much the more corporate-minded (74.6 against 56.9 percent). By field, corporate giving is named by 90.0 percent of environmental bodies and 84.6 percent of sports bodies; **eighteen of the twenty-five field groups put it above 50 percent**.

There is no size pattern to speak of: hopes for corporate giving run between 62.6 and 79.6 percent across every income band.

3.5 What the sector wants from tax policy

Asked in free text what they want from the tax system, **138 corporations (12 percent of respondents) replied** — 62 associations and 76 foundations.

Subject of the request	Associations	Foundations	Total
Consumption tax (including the invoice system)	30	24	**54**
Fixed-asset tax	7	18	25
Stamp duty	4	7	11
Corporation tax	2	2	4
Inhabitant tax	0	2	2
Other	19	23	42
Respondents	**62**	**76**	**138**

Table 3.6 — Table 63 of the original, counting free-text answers by subject.

Consumption tax dominates, and within it the qualified invoice system, which took effect on October 1, 2023 — days after this questionnaire closed. The requests are specific: abolish or revise the invoice system; allow input credit on public-interest expenditure without an invoice; exempt public-interest activities; introduce transitional relief for corporations dealing with exempt suppliers.

Three arguments recur and are worth stating in the respondents' terms, because they identify structural interactions rather than simple pleas for relief:

- **The balance rule and consumption tax pull against each other.** *"Where the public-interest activity account balances, the consumption-tax return should not be required — as it is not for the general account of a local authority."* A corporation required to bring income and expenditure to zero is nonetheless taxed on turnover.
- **Designated-manager fees are calculated without regard to the tax.** *"We receive a designated-manager fee that includes personnel costs, and pay consumption tax on those personnel costs. The tax is not taken into account in the calculation of the fee, so we are obliged to remit money that should have gone to our activities."*
- **The invoice system converts exempt suppliers into a tax cost.** *"Because of the nature of our work most of our suppliers are exempt businesses, so the invoice system produces a large tax burden. Public-interest corporations should be allowed input credit under defined conditions."*

Fixed-asset tax requests are the second cluster: exemption for property held for public-interest purposes, extension of relief to research grant-making, exemption of depreciable assets. Stamp duty requests focus on contracts — service contracts and, several times, scholarship loan agreements. A local point recurs on inhabitant tax: **prefectural donation-relief measures should be set out clearly in one place**, because respondents cannot find them.

One procedural request stands out for its simplicity: *"issue the tax-credit certificate at the same time as public-interest certification."* Read beside the 34.2 percent who do not know the scheme exists, it is a proposal that would address the problem at its source.

3.6 What the sector wants from accounting

The 2008 Public Interest Corporation Accounting Standard requires a balance sheet, a statement of changes in net assets, a cash-flow statement, supporting schedules and an inventory of property. The Association notes that these differ considerably from ordinary corporate accounting, are complex, and make it hard to secure staff or advisers who understand them. **98 corporations commented in free text** — 46 associations and 52 foundations.

Subject of the comment	Associations	Foundations	Total
Complexity	32	38	**70**
Segment accounting	8	7	15
Comparison with corporate accounting	3	4	7
The three financial tests	3	3	6
Respondents	**46**	**52**	**98**

Table 3.7 — Table 64 of the original.

Complexity is the whole of the complaint — 70 of 98 comments. The segment-accounting cluster makes a sharper and more specific point, and it is one the 2025 reform would go on to make general rather than optional: corporations that carry on **nothing but public-interest activities** are nonetheless required to split their accounts between a public-interest segment and a corporate-administration segment, and to apportion shared costs between them.

> *For a corporation that does nothing but public-interest activities, having to apportion is entirely wasted work.*
> — A public-interest association

The consequence several respondents describe is a governance problem rather than a bookkeeping one: because administrative costs are spread across activities, *"the budget as built up and the accounts as presented look different, and it is difficult to explain to the board of directors, the board of councillors or the outside world what was spent on what."* Another asks for the calculation of the balance rule and the idle-asset ceiling to be **readable directly off the financial statements** — which, on the evidence of Part 4, they are not.

Part 4 — The Financial Tests, Procedure and the Authorities

This is the heart of the survey and the part that reads most directly as a specification for the reform that followed. Asked what should change, the sector does not ask for the rules to be abolished — it asks for them to be applied over several years rather than one.

4.1 The balance-of-income-and-expenditure rule

Shūshi sōshō requires that income from public-interest activities not exceed expenditure on them. It is tested **annually** and in **two stages** — first activity by activity, then across all public-interest activities together — and a surplus must in principle be cleared by the following year-end. 52.4 percent of respondents name it as a difficulty (Table 2.7). 971 corporations said what they want done about it.

Request (multiple answers)	Associations	Foundations	Total
Accept medium-term balance in principle, but review the annual test and the requirement to clear surpluses	261 (59.7%)	334 (62.5%)	**595 (61.3%)**
Reconsider the rule fundamentally and examine abolishing it	147 (33.6%)	162 (30.3%)	309 (31.8%)
Relax the conditions for the asset-acquisition fund and the designated expense reserve	137 (31.4%)	160 (30.0%)	297 (30.6%)
Simplify Schedule A of the annual filings for corporations below a certain size	79 (18.1%)	92 (17.2%)	171 (17.6%)
Take donations out of the scope of the balance test	54 (12.4%)	101 (18.9%)	155 (16.0%)
Abolish the present two-stage test and review the operation of the system	40 (9.2%)	50 (9.4%)	90 (9.3%)
Other	16 (3.7%)	17 (3.2%)	33 (3.4%)

Table 4.1 — Table 25 of the original. The original's note states that the percentages are of all 1,150 respondents; they are not — they are of the 971 corporations that answered this question (437 associations, 534 foundations), the base its own cross-tabulations use. See Appendix C.

The distribution matters more than any single number. **Twice as many corporations want the annual test reviewed as want the rule abolished.** The sector's position is not that public-interest income should be allowed to exceed public-interest expenditure indefinitely; it is that the accounting period over which that is judged should be longer than twelve months, and that a surplus should not have to be liquidated on a fixed schedule. That is precisely the change made in April 2025.

The second-largest specific request — relaxing the conditions on the **asset-acquisition fund and the designated expense reserve** (30.6 percent) — points at the same problem from the other side. Those two funds are the existing mechanisms by which a surplus can lawfully be carried forward; a third of respondents say they cannot use them as the conditions stand.

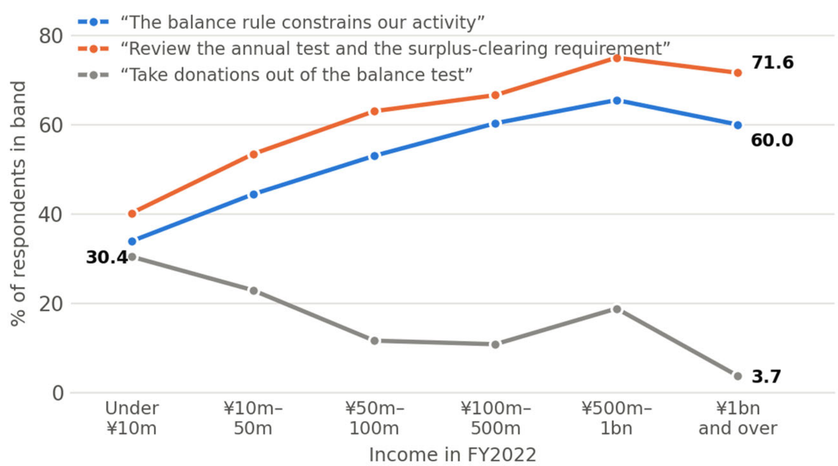

Figure 4.1 — The balance rule by income size. Drawn for this edition from Tables 22 and 27 of the original, which contain no charts.

The size gradients are strong and they diverge, which is the analytically important point.

- **Being constrained by the rule rises with size**, from 33.9 percent under ¥10 million to 65.5 percent in the ¥500 million–1 billion band. So does the wish to review the annual test — from 40.2 to 75.0 percent.
- **Wanting donations excluded from the test falls with size**, from 30.4 percent in the smallest band to 3.7 percent in the largest. For a small corporation a single significant gift can breach the ceiling; for a large one it is noise.
- **Wanting Schedule A simplified for small corporations falls sharply too** — 32.6 percent of the smallest against 11.1 percent of the largest — which is what one would expect of a request framed by size.
- Wanting the rule abolished outright is **flat** at 29–37 percent across every band. Dissatisfaction in principle is uncorrelated with scale; dissatisfaction in operation is strongly correlated with it.

By whether profit-making activities are carried on, the wish to review the annual test is **lowest among corporations that run taxable profit-making activities (58.2 percent)** and highest among those running both kinds (67.8 percent). Relaxing the two funds is wanted by 38.1 percent of those whose profit-making activity is certified as public-interest, against 27.7 percent of those with no profit-making activity at all.

By field, abolition is wanted by a majority in only three groups — non-profit support bodies (58.3 percent), medical facilities (57.9) and welfare grant-makers (53.3). Reviewing the annual test exceeds 50 percent in **23 of 25 field groups**; relaxing the two funds reaches 63.6 percent among licensing and certification bodies. By certifying authority, reviewing the annual test exceeds 50 percent in **40 of the 48 authorities**, peaking in Kochi (88.9 percent), Akita (85.7) and Yamagata (80.0).

4.2 The idle-asset ceiling

Assets not committed to a specific purpose may not exceed roughly one year's public-interest activity expenditure. 29.0 percent of respondents name this as a difficulty; **838 said what they want changed.**

Request (multiple answers)	Associations	Foundations	Total
Create a reserve the corporation may use with a degree of freedom	175 (47.4%)	216 (46.1%)	**391 (46.7%)**
Make the definition and calculation of idle assets and deductible assets easier to understand	136 (36.9%)	189 (40.3%)	325 (38.8%)
Substantially relax the present ceiling (one year of activity expenditure)	137 (37.1%)	164 (35.0%)	301 (35.9%)
Make the asset-acquisition fund and the designated expense reserve easier to use	134 (36.3%)	144 (30.7%)	278 (33.2%)
Simplify Schedule C of the annual filings for corporations below a certain size	82 (22.2%)	101 (21.5%)	183 (21.8%)
Other	13 (3.5%)	17 (3.6%)	30 (3.6%)

Table 4.2 — Table 30 of the original. Percentages are of the 838 corporations that answered.

The leading request is for something that did not then exist: **a reserve into which a corporation may put money for its own future use without breaching the ceiling.** In April 2025 two such instruments were created — the Public-Interest Enhancement Fund and the reserve for continuity of public-interest activities. The second request, that the definitions and the calculation be made comprehensible, is a comprehension problem rather than a policy one, and it is the fourth-largest single request in this Part.

Size gradients again run in two directions. **Wanting a freely usable reserve rises with income**, from 33.3 percent in the smallest band to 55.4 percent in the largest, as does making the two existing funds easier to use (22.7 to 47.3 percent, peaking in the ¥500 million–1 billion band). **Wanting Schedule C simplified falls**, from 38.7 to 16.9 percent. Wanting the ceiling itself relaxed shows no clear pattern by size.

By field, a freely usable reserve is wanted by a majority in twelve of twenty-five groups, led by international cooperation (64.7 percent), licensing and certification (63.6) and children and youth (63.0). Making the definitions clearer exceeds 50 percent in three fields, peaking among medical facilities (58.8 percent).

4.3 Certification and notification procedure

847 corporations said what they want from the procedures for certification and for changes to it. One answer overwhelms the rest.

Request (multiple answers)	Associations	Foundations	Total
Reduce the clerical burden of certification and notification	264 (71.0%)	327 (68.8%)	**591 (69.8%)**
Clarify which changes “do not materially affect the public-interest character” and so need re-certification	142 (38.2%)	185 (38.9%)	327 (38.6%)
Make the criteria for certification and notification clear enough that interpretations do not differ	130 (34.9%)	165 (34.7%)	295 (34.8%)
Shorten the time taken and respond promptly	73 (19.6%)	106 (22.3%)	179 (21.1%)
Other	14 (3.8%)	22 (4.6%)	36 (4.3%)

Table 4.3 — Table 35 of the original. Percentages are of the 847 corporations that answered.

Seven corporations in ten want the clerical burden reduced, and the figure is remarkably stable — between 65.2 and 76.7 percent in every income band, with no size gradient at all. This is one of the few findings in the survey that does not vary by scale: the paperwork is felt as heavy by a corporation with ¥5 million of income and by one with ¥5 billion.

The second and third answers are two aspects of the same problem: **corporations cannot tell in advance whether a given change requires certification or merely notification**, and different officials answer the question differently. The free text makes the operational cost concrete.

> *I only asked whether a change-certification was necessary, and I was made to prepare the whole notification, spend time on it, and be told at the end that it was not needed. Even allowing that every organization's activities differ, after treatment like that one loses any appetite for applying unless something very large changes.*
> — A public-interest association

A foundation identifies the same rule as a constraint on strategy rather than on paperwork: *“we cannot try something out briefly to see whether it is stable or has room to grow, so it is hard to be agile. We would like to consider letting real property as a new income source, but because a change-certification is required we may not be able to accept a gift promptly, or may miss the moment to buy a property.”* Another puts it in one line: *“it is difficult to develop new activities responsively in answer to the demands of the times and of society.”*

By certifying authority, the wish to reduce the clerical burden reaches 100 percent in Nagasaki, 92.3 percent in Chiba and 90.9 percent in Tochigi. Clarifying which changes need only notification peaks in Hyogo (75.0 percent); resolving differences of interpretation peaks in Gifu (80.0 percent).

Schedule H

The guidance on the annual filings was revised in respect of **Schedule H** (別表 H), which concerns the calculation of residual assets on dissolution. The guidance was revised in June 2021, and **84.0 percent of respondents prepared the schedule as revised**; 13.2 percent prepared it as before. Compliance is near-universal in some jurisdictions — 100 percent in Tokushima and Nagasaki — and lower in others: 40.0 percent of Saga corporations, 35.7 percent of Hyogo and 31.0 percent of Kyoto prepared it the old way. A foundation's free-text comment suggests one reason: *“the input method for Schedule H differs from the Cabinet Office's, and it is hard to follow.”*

The most substantial single proposal in the entire free-text corpus concerns this schedule, and comes from a foundation writing to JACO about the accounting changes then in prospect. It asks that where a corporation carries on nothing but public-interest activities, assets used in those activities be recorded on the public-interest side of the balance sheet without a forced technical split; that only items plainly belonging to the corporate-administration side, such as retirement benefit provisions, be separated out; that the periodic filings be simplified to match; and that **the residual-asset calculation on dissolution be derived from that simplified balance sheet, abolishing the present complex computation**.

4.4 Supervision and the certifying authorities

On-site inspection

48.4 percent report no particular difficulty with on-site inspection — but that is down 4.1 points on the previous year, and the two leading complaints both rose.

	Associations	Foundations	Total	Change
No particular difficulty	237 (47.4%)	320 (49.2%)	**557 (48.4%)**	**−4.1**
Findings are extremely detailed; we would rather they addressed what is important and substantive	155 (31.0%)	175 (26.9%)	330 (28.7%)	**+3.5**
Officials are not consistent in the purpose they apply	130 (26.0%)	161 (24.8%)	291 (25.3%)	+0.3
The interval between inspections is too short	74 (14.8%)	97 (14.9%)	171 (14.9%)	+0.8
Other	18 (3.6%)	32 (4.9%)	50 (4.3%)	+1.1

Table 4.4 — Table 65 of the original.

There is no income gradient worth reporting. There is, however, a large gradient by certifying authority: the “detailed findings” complaint exceeds 50 percent in five prefectures, reaching **80.0 percent in Saga** and 57.1 percent in Osaka, while 23 authorities record majorities reporting no difficulty at all, led by Nara and Wakayama (83.3 percent) and Ishikawa (78.6).

The free-text answers separate into three groups that the multiple-choice question cannot distinguish. Some are **positive**: *“we take it not as an inspection but as an opportunity to consult about what is troubling us and to correct what is wrong.” “We try to avoid findings, but findings are welcome — inspections should happen, for the sake of improvement.”* Some report **conduct**: *“the officer's manner was extremely high-handed”*; *“there have been intimidating inspectors in the past — raising points about directors with a junior member of staff achieves nothing; please raise them with management.”* And a substantial group — more than twenty answers — report simply that they **cannot answer**: the person who handled the last inspection has left, or the respondent is new in post, or no inspection has taken place since 2019.

Two comments make a proportionality argument that recurs elsewhere in the survey: *“I do not understand the point of an on-site inspection every three years at a corporation whose budget and accounts run to about ¥20 million. We send the budget and the accounts every year in any case — please scale inspection to the size of the corporation.”* And, from a foundation: *“paper retention is itself becoming rare, yet at inspection we are made to print out huge quantities for checking. The burden is heavy; we would like the inspection itself to be far more electronic.”*

Change-certification and notification

42.8 percent report no difficulty — down 6.6 points, the largest single-year fall of any “no problem” answer in the survey. 37.5 percent say the number of items to be entered imposes a considerable clerical load (up 4.3 points) and 21.8 percent that documents are subjected to a great deal of fine-grained checking (up 1.5).

	Associations	Foundations	Total	Change
No particular difficulty	208 (41.6%)	284 (43.7%)	**492 (42.8%)**	**−6.6**
Many items to enter; the procedure carries a considerable load	195 (39.0%)	236 (36.3%)	431 (37.5%)	**+4.3**
A great deal of fine-grained checking of documents	117 (23.4%)	134 (20.6%)	251 (21.8%)	+1.5
Change-certification for expanding an activity takes a long time	70 (14.0%)	109 (16.8%)	179 (15.6%)	+1.5
Officials differ in their view of what needs notification or certification	71 (14.2%)	91 (14.0%)	162 (14.1%)	+2.4
Other	12 (2.4%)	31 (4.8%)	43 (3.7%)	+1.0

Table 4.5 — Table 68 of the original.

The only clear size gradient is on delay: **complaints that expanding an activity takes too long rise steadily with**

income, from 11.3 percent in the smallest band to 20.0 percent in the largest. By certifying authority the clerical-load complaint exceeds 50 percent in eleven prefectures, led by Tottori (66.7 percent), Iwate (65.0) and Saga (60.0), and is recorded by no respondent at all in Wakayama.

The authority's guidance

Respondents were asked whether the certifying authorities supervise in accordance with the principle of the 2008 legislation. **74.0 percent say there is no problem** — essentially unchanged (−0.8 points) — while 19.2 percent say there is somewhat detailed guidance on operational matters but that it is better than the old system (up 2.5), and **3.7 percent say the tendency to intervene in internal self-government persists as it did under the old supervising ministries** (down 2.0).

	Associations	Foundations	Total	Change
Broadly supervises in accordance with the principle; no problem	375 (75.0%)	476 (73.2%)	**851 (74.0%)**	−0.8
Somewhat detailed operational guidance, but better than the old system	95 (19.0%)	126 (19.4%)	221 (19.2%)	+2.5
The tendency to intervene in internal self-government persists	18 (3.6%)	24 (3.7%)	42 (3.7%)	−2.0
Other	12 (2.4%)	24 (3.7%)	36 (3.1%)	+0.3

Table 4.6 — Table 71 of the original.

By authority the range is very wide. **Ishikawa, Fukui, Yamanashi and Tokushima record 100 percent saying there is no problem**; **Chiba records 42.9 percent and Osaka 47.6 percent**, the only two below half. Chiba also records the highest rate of “detailed guidance but better than before” at 57.1 percent, followed by Osaka (38.1) and Gifu (28.6). Intervention in self-government is reported most in Iwate (25.0 percent), Saga (20.0) and Aomori (18.2), and by no respondent at all in 26 prefectures.

What the authorities are asked for

55 corporations (4.8 percent) wrote free-text requests to their certifying authority — 28 associations, 27 foundations. They divide into requests about the *standard* of guidance (14) and about the *posture* of the authority (37), with three about staff rotation.

Subject	Associations	Foundations	Total
Posture and supportiveness	23	14	**37**
Standard and consistency of guidance	3	11	14
Rotation of officials	1	2	3
Other	1	0	1
Respondents	**28**	**27**	**55**

Table 4.7 — Table 73 of the original.

The consistency complaints are precise and repeat across both legal forms: *“officials differ in their handling and their views — please give it uniformity and consistency, so as not to invite the misunderstanding that this is inspection for inspection's sake”*; *“the differences between officials are too great; there have been officials with no knowledge at all whom we had to teach. They are in the position of giving guidance, so please educate them to a certain level”*; *“the Cabinet Office and the prefectures sometimes take different views — please unify on the Cabinet Office's”*; *“the officer changes every three years and the findings and guidance change with them.”*

One foundation proposes a concrete remedy that would be inexpensive to build:

> *To remove the differences in guidance between prefectures, why not set up an information site — with corporation names withheld — on which prefectural officers can consult the cases and the guidance that have been given? I have repeatedly asked for information about mistaken guidance on the balance rule; if guidance were shared among officers in other prefectures, guidance founded on mistaken thinking would surely decrease.*
>
> — A public-interest foundation

The requests about posture are more mixed than the multiple-choice results suggest, and a substantial minority are **thanks rather than complaints**: *"relatively speaking the guidance takes account of our actual circumstances, and we are grateful"*; *"the guidance we receive is very much to the point; we rely on it"*; *"the present officer understands our corporation well and gives advice that suits us — though I think it depends on the person."* Set beside those are requests for the tone to change (*"please refrain from an intimidating manner"*; *"please stop guidance delivered from above"*), for definiteness (*"however often I ask, the answer is only that such-and-such is desirable; if you are in the position of giving guidance, say clearly 'do it this way'"*), and for scale-appropriate treatment (*"please respond in proportion to the size of the foundation"*; *"corporations with no profit-making activities and no director remuneration should be regulated under a separate standard"*).

Two structural proposals appear once each in this section and are worth recording: **publish the inspection checklist in advance**, and **rank corporations, simplifying change-certification and the annual filings for those in the upper ranks** — on the ground that time and manpower should go to public-interest work. And one comment states the Association's own thesis in a respondent's words: *"it is not desirable that resources which could be used for public-interest activity are consumed in order to comply with regulation. Could this not be changed to the policy of promoting the advancement of the public interest by private initiative, as the Certification Act provides?"*

4.5 Governance codes

13.1 percent of public-interest corporations have adopted a governance code — including ethics rules and codes of conduct. 1.0 percent are preparing to adopt one within the year, 45.4 percent would like to in future, and **40.5 percent have no plan to adopt one at all**.

	Associations	Foundations	Total
Have adopted one	66 (13.2%)	85 (13.1%)	**151 (13.1%)**
Not adopted, but preparing to within a year	3 (0.6%)	8 (1.2%)	11 (1.0%)
Not adopted, but would like to in future	216 (43.2%)	306 (47.1%)	522 (45.4%)
Not adopted, and no plan to	215 (43.0%)	251 (38.6%)	466 (40.5%)
Total	**500**	**650**	**1,150**

Table 4.8 — Table 74 of the original.

Adoption is concentrated in one field. **Sport records 51.1 percent**, four times the national rate — a reflection of the sports governance codes that Japanese sports bodies are expected to comply with — followed by children and youth (24.2 percent) and learned societies (23.5 percent). Non-profit support bodies record zero. By certifying authority, adoption is highest in Niigata (26.1 percent), Yamaguchi (21.4), Kagoshima (21.1) and among **Cabinet Office-certified corporations (20.1 percent)**, and **twelve authorities record no adopting corporation at all**.

Of the 214 corporations answering the follow-up question — a base the original never reconciles with the 151 adopters of Table 4.8; see Appendix C — **90.7 percent did so to achieve sound organizational operation**; 40.2 percent to prevent misconduct, 24.8 percent to secure the trust of supporters and stakeholders, and 22.4 percent to raise the organization's long-term value. Two free-text answers give more specific reasons: a code is **required to apply for scientific research funding**, and one sports foundation adopted it *"to raise the value of sport further."*

The reasons for not adopting one — from the 908 that have not — are almost entirely about capacity, not principle.

Reason for not adopting a governance code	Associations	Foundations	Total
We are a small organization and fully occupied running it as it is	172 (42.8%)	237 (46.8%)	**409 (45.0%)**
We do not have adequate internal capacity to respond	188 (46.8%)	203 (40.1%)	391 (43.1%)
Complying with the articles, internal rules and guidelines is enough	138 (34.3%)	165 (32.6%)	303 (33.4%)
We lack the specialist knowledge or experience to write and run one	145 (36.1%)	150 (29.6%)	295 (32.5%)

Reason for not adopting a governance code	Associations	Foundations	Total
We see no particular problem in how we are run at present	87 (21.6%)	150 (29.6%)	237 (26.1%)
Building and running the structure costs money	47 (11.7%)	50 (9.9%)	97 (10.7%)
We do not expect it to improve results or organizational value	17 (4.2%)	41 (8.1%)	58 (6.4%)
Other	8 (2.0%)	12 (2.4%)	20 (2.2%)

Table 4.9 — Table 79 of the original. Percentages are of the 908 corporations that have not adopted a code.

Only 6.4 percent doubt the value of a code. The other 93.6 percent are describing an organization that cannot get to it. The free text confirms this and adds a distinct category the options do not cover — corporations that **consider themselves already governed**: *"the governance the expert panel calls for is something we do as a matter of course as a public-interest corporation; we could say we have adopted one, though we have not written rules"*; *"we do not rely on a particular code, but the board of directors, the board of councillors and the auditors each perform their role, and we work daily at transparent operation."* Others defer to a parent: *"we are staffed by secondees from the parent company and apply the parent's rules."* And two answers point at where the sector's attention actually is: *"we are considering dissolving the corporation"* and *"we plan to dissolve in a few years."*

4.6 Foundations and the ¥3 million rule

A foundation whose net assets fall below **¥3 million for two consecutive years is dissolved by operation of law**. Of the 612 foundations that answered, **604 (98.7 percent) have never fallen below the threshold**. One reports having done so for two consecutive years, three report having done so once, and one avoided insolvency through a government grant.

Asked what should be done about the rule, **83.5 percent of the 389 that answered say guidance or support measures should be taken before compulsory dissolution**, and 14.4 percent that the rule should be abolished.

The free-text answers are notable for containing genuine disagreement, which is rare in this survey. Against the rule: *"a fall in net assets can be unavoidable, as with a social problem such as the spread of an infectious disease; dissolution should be triggered on a view of the corporation's record and activity, not on the asset figure alone."* For it: *"corporations that have become hollow — zombified — through lack of funds should be weeded out"*; *"if net assets fall below ¥3 million the activity itself has become impossible, so compulsory dissolution is appropriate"*; *"I think the system should continue."* And one respondent identifies a tension between two rules at once: *"I do not think it should be abolished, but I feel a contradiction when I think about it alongside the balance rule."*

4.7 COVID-19

Asked about business losses as at September 2023, **36.1 percent report no significant effect** and **27.1 percent report a surplus** because expenditure fell. But 29.7 percent report a large negative effect on activity income and **3.7 percent report a problem serious enough to bear on the corporation's survival**.

Effect of the pandemic (multiple answers)	Associations	Foundations	Total
No significant effect	176 (35.2%)	239 (36.8%)	**415 (36.1%)**
Large negative effect on activity income	163 (32.6%)	179 (27.5%)	342 (29.7%)
Expenditure fell, so the effect was a surplus	138 (27.6%)	174 (26.8%)	312 (27.1%)
Large negative effect on donations or grants	19 (3.8%)	43 (6.6%)	62 (5.4%)
A major problem bearing on the corporation's survival	17 (3.4%)	25 (3.8%)	42 (3.7%)
The shortfall caused a working-capital gap and we borrowed	4 (0.8%)	16 (2.5%)	20 (1.7%)
Other	37 (7.4%)	69 (10.6%)	106 (9.2%)

Table 4.10 — Table 83 of the original.

The damage is concentrated where the public gathers. A large negative effect on income was reported by **64.9 percent of museums, zoos and parks**, 60.0 percent of venue operators, 55.3 percent of sports bodies, 54.2 percent of medical facilities and 50.0 percent of arts and culture bodies. Existential problems were reported most by medical facilities (12.5 percent) and children and youth bodies (12.1). At the other end, grant-makers and scholarship funds were largely untouched on the income side — 6.1 and 3.2 percent — and instead recorded surpluses, 44.7 and 22.6 percent respectively, because they could not spend.

Eighteen corporations borrowed — four associations and fourteen foundations — and the original reproduces their answers in full. The borrowings range from **¥2 million to ¥1.55 billion**; lenders are commercial banks, *shinkin* banks, the Japan Finance Corporation, the Welfare and Medical Service Agency, Shoko Chukin and the Okinawa Development Finance Corporation; terms run from ten days to **fifteen years**, several with five-year grace periods pushing first repayment into 2025.

Four of the eighteen used the free-text box to ask for the same thing: **that the balance rule accommodate the repayment of borrowings in the years after the working capital was used.** The convergence should be discounted, because the questionnaire supplied that wording as its own worked example of the kind of support a corporation might want — three of the four answers reproduce it almost verbatim. What the answers do show is that the example landed: it describes a problem those corporations recognized as theirs. One puts it directly: *"please recognize the repayment of borrowings taken for working capital and for capital investment in public-interest activities as public-interest expenditure."* Another asks for surpluses to be allowed into a financial-management reserve. Here the two problems of Part 4 meet: money borrowed to survive the pandemic must be repaid out of income that the balance rule requires to be spent on activities in the year it arrives.

4.8 What corporations want to work on

Asked what they want to tackle as organizations, **51.7 percent name making operations more efficient** — the only answer above half — followed by staff training and skills (35.8 percent), fundraising capacity (31.0), business growth (27.6) and digital transformation (27.3). 11.2 percent have nothing in particular they want to work on.

Four of these have strong size gradients, and all four run the same way: **staff training (26.6 → 60.0 percent), operational efficiency (33.9 → 71.6), DX (8.9 → 46.3) and working-practice reform (4.0 → 34.7) all rise steeply with income**, while "nothing in particular" falls from 23.4 percent in the smallest band to 5.3 percent in the largest. Fundraising capacity, by contrast, is flat across the range at 24–33 percent — wanted equally by everyone, and, on the evidence of Part 3, achieved by almost no one.

By field, operational efficiency peaks among sports bodies (72.3 percent), staff training among same-qualification bodies (55.6), fundraising among museums and zoos (54.1), and DX among medical facilities (50.0).

4.9 Disclosure

Website disclosure among public-interest corporations is high and even. **Between 74.6 and 85.0 percent publish each of the six core documents** — financial statements 85.0 percent, list of officers 84.4, articles of incorporation 83.9, activity report 81.6, activity plan 78.8, budget 74.6. Only 4.5 percent publish an annual report as such, and **2.5 percent have no website at all**.

By field, disaster and community safety bodies exceed 90 percent on almost every item; sport, industry creation and licensing bodies are consistently high. Health promotion, medical facilities and museums are the lowest — the museums' 62.2 percent on activity reports being twenty points below the sector. Several free-text answers explain the gap in a way the table cannot: *"we have a website but do not publish those documents on it — they are displayed in the building."*

4.10 What corporations want from JACO

102 corporations wrote to the Association — 33 associations, 69 foundations. 39 comments concern advice, seminars and training, 21 policy advocacy, 18 information provision and 24 other matters. The substance is taken up in Part 7.

Part 5 — One Law, Many Sectors

The same statute is applied to 9,705 corporations by 48 certifying authorities across the 34 fields of activity the questionnaire lists and income spanning more than two orders of magnitude. The original report cross-tabulates almost every question three ways. This Part draws the cross-tabulations together and asks what the variation means.

5.1 By size: two burdens moving in opposite directions

The single most useful thing the cross-tabulations show is that **the regulatory burden is not simply heavier for small corporations or heavier for large ones**. It is composed of two burdens that fall in opposite directions.

	Under ¥10m	¥10–50m	¥50–100m	¥100–500m	¥500m–1bn	¥1bn+
Rises with size						
Balance rule constrains activity	33.9	44.4	53.0	60.3	**65.5**	60.0
Review the annual balance test	40.2	53.4	63.0	66.6	**75.0**	71.6
Change-certification procedure is a burden	28.2	34.0	38.0	36.6	40.2	**48.4**
Annual statutory filings are a burden	50.0	51.4	51.8	55.9	54.0	**60.0**
Want a freely usable reserve	33.3	44.2	44.4	50.0	51.4	**55.4**
Would choose public-interest status again	73.4	81.0	83.1	85.7	88.5	**94.7**
Falls with size						
Public-interest ratio constrains activity	**25.8**	19.0	18.1	9.4	9.2	7.4
Activity report and accounts are a burden	**54.0**	46.3	48.2	44.1	42.5	41.1
Take donations out of the balance test	**30.4**	22.9	11.6	10.8	18.8	3.7
Simplify Schedule A for small corporations	**32.6**	26.1	16.4	11.1	8.8	11.1
Simplify Schedule C for small corporations	**38.7**	29.0	23.1	14.1	13.5	16.9
Holds tax-credit certification	**33.9**	29.2	23.5	21.8	20.7	13.7
Would choose General nonprofit corporation status	**21.0**	14.9	12.7	11.3	11.5	4.2
No organizational priority in particular	**23.4**	15.6	10.8	6.1	6.9	5.3

Table 5.1 — Compiled by the editors from Tables 22, 27, 33, 42, 54 and 87 of the original. All figures are percentages of respondents in the band. Bold marks the extreme value in each row.

Read down the two blocks and the structure is clear.

- **The financial rules bite hardest at the top.** The balance rule constrains twice as large a share of corporations above ¥500 million as below ¥10 million, and the wish to review its annual operation nearly doubles across the range. These are corporations with enough activity, and enough variability in it, to run into the ceiling regularly.
- **The paperwork bites hardest at the bottom** — but only some of it. The activity report and accounts, and the requests to simplify Schedules A and C, all fall as income rises. The *annual statutory filings*, by contrast, rise slightly with size. The difference is instructive: the filings scale with the complexity of the corporation, while the accounts scale with the capacity of whoever prepares them.

- **The public-interest activity ratio is a small-corporation problem**, constraining a quarter of the smallest band and one in thirteen of the largest. A corporation with one part-time administrator and a modest programme finds it hard to keep administrative cost below half of total expenditure.
- **Satisfaction tracks size monotonically.** 94.7 percent of the largest corporations would choose the status again, against 73.4 percent of the smallest — and more than a fifth of the smallest would prefer to be a General nonprofit corporation.

The policy implication the Association draws — and which the size gradients support — is that a single set of rules applied to corporations spanning more than two orders of magnitude of income will be experienced as a different regime at each end. The requests to **simplify Schedules A and C for corporations below a certain size** (17.6 and 21.8 percent overall, but a third of the smallest band) are the sector's own proposal for addressing that, and were not among the changes made in 2025.

5.2 By field: where the same rule lands differently

Field of activity turns out to be as strong a predictor as size on some questions and weaker on others. The clearest patterns:

Question	Highest fields	Lowest fields
Balance rule constrains activity (sector 52.4%)	Same-qualification bodies 72.2% Welfare grant-makers 66.7% Medical facilities 66.7%	Scholarships 22.6% Disaster and community safety 36.4% Education 39.1%
Annual statutory filings a burden (sector 53.7%)	Museums, zoos, parks 67.6% Children and youth 63.6% Learned societies 62.7%	Venue operation 30.0% Disaster and safety 36.4% Licensing and certification 36.4%
Public trust is the benefit (sector 76.1%)	Licensing and certification 90.9% Research institutes 90.0% Arts and culture 87.2%	Venue operation 40.0% Museums, zoos, parks 59.5% Medical facilities 66.7%
Would choose the status again (sector 83.7%)	Disaster and community safety 100% Industry creation 95.2% Museums, zoos, parks 94.6%	Same-qualification bodies 61.1% Non-profit support 64.3% Venue operation 70.0%
No donation income (sector 48.6%)	Licensing and certification 81.8% Industry creation 81.0% Industry associations 75.5%	Museums, zoos, parks 24.3% Medical facilities 25.0% Sport, international cooperation 25.5–25.7%
Governance code adopted (sector 13.1%)	**Sport 51.1%** Children and youth 24.2% Learned societies 23.5%	Non-profit support 0.0% Industry associations 3.8% Same-qualification bodies 5.6%
Large negative COVID-19 effect (sector 29.7%)	Museums, zoos, parks 64.9% Venue operation 60.0% Sport 55.3%	Scholarships 3.2% Grant-making 6.1% Disaster and safety 9.1%

Table 5.2 — Compiled by the editors from Tables 20, 23, 44, 49, 75, 84 of the original.

Three readings are worth drawing out.

The membership bodies are the discontented ones. Same-qualification bodies (professional registers), industry associations and non-profit support bodies record the highest rates of wanting to leave public-interest status, the highest constraint from the balance rule, the lowest governance-code adoption and, in the case of the first two, no donation income at all in three-quarters of cases. Their income is dues; their beneficiaries are their members; and the public-interest framework — designed for grant-makers, museums and welfare bodies — fits them least comfortably.

The endowment bodies are the contented ones. Grant-making, scholarships and museums record high satisfaction, low COVID-19 damage on the income side, and — because their income is investment return — surpluses rather than losses during the pandemic. Their difficulty is not income but the idle-asset ceiling, and 75.4 percent of grant-makers and 61.3 percent of scholarship funds name investment income as their main revenue.

Sport is an outlier on governance and nothing else. Its 51.1 percent code adoption is four times the sector rate and reflects an external requirement rather than an internal impulse; on every other measure sports bodies sit close to the sector mean.

5.3 By certifying authority: forty-eight administrations

The most striking variation in the survey is jurisdictional. **The same statute, administered by 47 prefectural governors and the Cabinet Office, produces materially different experiences.** The original devotes eight full-page tables to this; the ranges are summarized here.

Measure	Sector	Range across authorities	Extremes
Report at least one difficulty with the status	91.7%	66.7 – 100%	Fukui 66.7% · 14 authorities at 100%
Say the authority's guidance is unproblematic	74.0%	42.9 – 100%	Chiba 42.9%, Osaka 47.6% · Ishikawa, Fukui, Yamanashi, Tokushima 100%
Report intervention in internal self-government	3.7%	0 – 25.0%	Iwate 25.0% · 26 authorities at 0%
Report no difficulty with on-site inspection	48.4%	19.0 – 83.3%	Osaka 19.0%, Saga 20.0% · Nara, Wakayama 83.3%
Say inspection findings are too fine-grained	28.7%	0 – 80.0%	Saga 80.0%, Osaka 57.1% · Fukui, Wakayama 0%
Report no difficulty with change procedures	42.8%	0 – 83.3%	Tokushima 0%, Saga 0% · Wakayama 83.3%, Yamagata 70.0%
Want the annual balance test reviewed	61.3%	25.0 – 88.9%	Tokushima 25.0% · Kochi 88.9%, Akita 85.7%
Want the certification burden reduced	69.8%	33.3 – 100%	Wakayama 33.3% · Nagasaki 100%, Chiba 92.3%
Hold tax-credit certification	24.6%	0 – 52.9%	Chiba, Fukui, Tokushima 0% · Miyagi 52.9%, Oita 42.9%
Do not know the tax-credit scheme exists	34.2%	14.3 – 83.3%	Hyogo 14.3% · Tokushima 83.3%, Ishikawa 78.6%
Prepared Schedule H as revised	84.0%	60.0 – 100%	Saga 60.0%, Hyogo 64.3% · Tokushima, Nagasaki 100%
Have adopted a governance code	13.1%	0 – 26.1%	12 authorities at 0% · Niigata 26.1%, Yamaguchi 21.4%
Would choose public-interest status again	83.7%	57.1 – 100%	Gifu 57.1%, Oita 57.1% · 6 authorities at 100%

Table 5.3 — Compiled by the editors from Tables 24, 29, 38, 40, 43, 56, 67, 70, 72 and 76 of the original. Several prefectures returned fewer than ten respondents, so individual extremes should be read with caution; the ranges are given because the report itself draws attention to them.

A caution before reading anything into this. **The samples behind the extremes are small.** Saga returned 5 public-interest respondents, Tokushima 6, Wakayama 6, Fukui 6; a single corporation moves those percentages by 17 to 20 points. The Cabinet Office block, by contrast, is 323 respondents and the largest prefecture, Tokyo, 87. The pattern that survives that caution is the *width* of the distribution rather than any particular prefecture's position in it.

Even so, three things stand out because they are visible in the larger samples too.

- **Osaka (21 respondents) is consistently the most critical of the large jurisdictions** — 47.6 percent saying the guidance is unproblematic against a sector figure of 74.0, 57.1 percent finding inspection findings too fine-grained against 28.7, 100 percent reporting some difficulty with the status.
- **The Cabinet Office block behaves differently from the prefectures on knowledge, not on satisfaction.** Its corporations are more likely to hold tax-credit certification (30.0 against 24.6 percent) and much less likely

not to know the scheme exists (21.7 against 34.2 percent); they are among the most likely to have adopted a governance code (20.1 percent, behind Niigata, Yamaguchi and Kagoshima). But 92.6 percent report some difficulty with the status, above the sector's 91.7, and only 67.8 percent say the guidance is unproblematic, below the sector's 74.0.

- **Tax-credit awareness is the most jurisdictionally uneven thing in the survey.** The share of corporations that do not know the scheme exists runs from 14.3 percent to 83.3 percent, and fourteen authorities record majorities. Whatever mechanism informs corporations about the most valuable donor incentive available to them is working in some prefectures and not in others.

The Association does not characterize this variation, beyond reporting it. The free-text answers do, repeatedly and in the same terms — that officials differ, that prefectures differ, that the Cabinet Office and the prefectures differ, and that a corporation cannot rely on the answer it is given. Part 7 collects those answers. The most economical proposal in the whole corpus is a foundation's suggestion that guidance given in one prefecture be made consultable by officers in the others.

5.4 What varies, and what does not

It is worth ending this Part with the answers that **do not** vary, because they are the ones on which the sector speaks with a single voice.

- **Reducing the clerical burden of certification and notification** — between 65.2 and 76.7 percent in every income band, with no gradient at all.
- **Public trust as the benefit of the status** — above 50 percent in 24 of 25 field groups.
- **Reviewing the annual operation of the balance rule** — above 50 percent in 23 of 25 field groups and in 40 of 48 jurisdictions.
- **Wanting the balance rule abolished outright** — flat at 29 to 37 percent across every income band, uncorrelated with anything.
- **Wanting to strengthen fundraising capacity** — flat at 24 to 33 percent across every income band, and, on Part 3's evidence, achieved by almost none of them.

Part 6 — General nonprofit corporations

658 General nonprofit corporations answered a shorter questionnaire. They are the population public-interest certification was meant to draw in, and in 2023 it was not drawing them.

6.1 Who they are

451 associations (68.5 percent) and 207 foundations (31.5 percent) replied. As with public-interest corporations, the population is dominated by bodies carried over from the pre-2008 system: **395 (60.0 percent) transferred from a *tokurei minpō hōjin*** — 74.9 percent of foundations and 53.3 percent of associations, the same asymmetry seen on the public-interest side. Only **38 (5.8 percent) were newly established** after December 2008. The original asks readers to bear this composition in mind when reading the General nonprofit corporation figures that follow.

Origin	Associations	Foundations	Total	Change
Transferred from a pre-2008 corporation	240 (53.3%)	155 (74.9%)	**395 (60.0%)**	+2.9
Other legal form → General nonprofit corporation	84 (18.7%)	25 (12.1%)	109 (16.6%)	−1.0
Unincorporated body → General nonprofit corporation	77 (17.1%)	9 (4.3%)	86 (13.1%)	−0.6
Newly established from December 2008	29 (6.4%)	9 (4.3%)	38 (5.8%)	−0.5
Specified non-profit corporation → General nonprofit corporation	20 (4.4%)	8 (3.9%)	28 (4.3%)	−1.0
For-profit company → General nonprofit corporation	0 (0.0%)	2 (1.0%)	2 (0.3%)	+0.3
Total	**451**	**207**	**658**	

Table 6.1 — Table 93 of the original, with the two columns restored to the right headings. In the original the association and foundation columns are transposed: the figures printed under "associations" sum to 208 and each is a percentage of 207, while those printed under "foundations" sum to 450 and each is a percentage of 451. The assignment above follows the arithmetic. See Appendix C.

Tokyo holds 194 of the respondents — 29.5 percent, again reflecting the location of national bodies. Hokkaido follows with 33 (5.0 percent), Miyagi 22 (3.3), and Kanagawa and Nagano 18 each (2.7).

The field distribution differs sharply from the public-interest side. **Industry associations alone account for 157 respondents — 24.0 percent** — against 53 (4.6 percent) among public-interest corporations. Learned societies follow at 52 (7.9 percent), then education (37), research institutes and community contribution (34 each). Thirteen fields returned fewer than ten respondents and are aggregated by the original into a "fewer than ten" group of 55 corporations.

Income is somewhat smaller than on the public-interest side: **32.2 percent fall in the ¥10–50 million band** (against 27.4 percent) and 15.8 percent below ¥10 million (against 10.8), while 22.3 percent are in the ¥100–500 million band (against 31.6). Above ¥100 million foundations predominate; below it, associations.

Revenue is dominated by one line. **70.5 percent name membership dues** — 87.6 percent of associations — against 49.4 percent of public-interest corporations. Income from profit-making activities follows at 40.1 percent, then contract and designated-manager fees (20.5), income from public-interest activities and public subsidy (17.6 each), investment income (7.0) and **donations from individuals (4.3 percent)**.

6.2 What General nonprofit corporation status is worth

The benefits named are, almost item for item, the mirror image of the public-interest burdens in Part 2.

Benefit of General nonprofit corporation status (multiple answers)	Associations	Foundations	Total	Change
No supervision; we can concentrate on our activities	188 (41.7%)	80 (38.6%)	**267 (40.6%)**	**+6.3**
The annual filings are simpler than for a public-interest corporation	144 (31.9%)	67 (32.4%)	210 (31.9%)	−2.9
No particular benefit	118 (26.2%)	56 (27.1%)	**174 (26.4%)**	−2.0
Corporation tax falls only on profit-making activities	109 (24.2%)	39 (18.8%)	148 (22.5%)	+1.3
No balance-of-income-and-expenditure constraint	79 (17.5%)	65 (31.4%)	144 (21.9%)	+2.7
No public-interest activity ratio constraint	90 (20.0%)	53 (25.6%)	143 (21.7%)	−0.4
No idle-asset regulation	23 (5.1%)	21 (10.1%)	44 (6.7%)	+0.7
Other	22 (4.9%)	1 (0.5%)	23 (3.5%)	−0.4

Table 6.2 — Table 100 of the original. The tax benefit applies only to strictly non-profit and mutual-benefit types.

Freedom from supervision leads, and it rose 6.3 points in a year — the largest movement in the table. Foundations value freedom from the financial tests much more than associations do (31.4 against 17.5 percent on the balance rule), which is consistent with foundations having assets that the tests would constrain.

But the third-largest answer is the one that should be read hardest: **26.4 percent see no particular benefit in being a General nonprofit corporation either**. Set beside the 7.7 percent of public-interest corporations who see no benefit in their status, it describes a substantial group of organizations that experience their legal form as neither an asset nor a liability — simply as the shape they happen to have.

6.3 What they find difficult

41.8 percent report no difficulty at all — the single highest "no problem" figure anywhere in the survey, and five times the public-interest equivalent of 8.3 percent.

Difficulty (multiple answers)	Associations	Foundations	Total	Change
No particular difficulty	**214 (47.5%)**	63 (30.4%)	**275 (41.8%)**	−2.1
Reporting and supervision continue until the public-interest purpose expenditure plan is complete	112 (24.8%)	**95 (45.9%)**	**207 (31.5%)**	−0.1
The tax burden	49 (10.9%)	42 (20.3%)	91 (13.8%)	+1.7
Grants, subsidies and contracts are harder to obtain	38 (8.4%)	18 (8.7%)	56 (8.5%)	**+2.2**
Public trust feels lower than a public-interest corporation's	43 (9.5%)	15 (7.2%)	58 (8.8%)	−0.7
Change-approval and notification procedure	31 (6.9%)	27 (13.0%)	58 (8.8%)	−0.1
There is no one to consult	33 (7.3%)	22 (10.6%)	55 (8.4%)	−0.3
Running the statutory organs properly is difficult	34 (7.5%)	16 (7.7%)	50 (7.6%)	−0.9
Donors get no tax deduction	27 (6.0%)	14 (6.8%)	41 (6.2%)	−1.3
Withholding tax on deposit interest	13 (2.9%)	22 (10.6%)	35 (5.3%)	+1.0

Table 6.3 — Table 102 of the original.

The one substantial difficulty is a legacy of the 2008 transition rather than of General nonprofit corporation status as such. A corporation that transferred out of the old system carrying public-interest assets must run a **public-interest purpose expenditure plan** until those assets are spent down, and remains under reporting obligations and supervision until it is complete. **45.9 percent of foundations name this**, against 24.8 percent of associations — and only 30.4 percent of foundations report no difficulty at all, against 47.5 percent of associations.

By location, the share reporting some difficulty runs from 0 percent (Tokushima, on a single respondent) and 12.5 percent (Ehime) to 100 percent (Mie, Oita), with a national figure of **57.9 percent**. The expenditure-plan burden is the leading difficulty in 18 prefectures; "no difficulty" is the leading answer in 22.

87 corporations described their difficulties in free text. The largest cluster — 27 answers — concerns the expenditure plan, and it is worth setting out because it is invisible in the multiple-choice results.

- *"The plan cannot possibly go as originally drawn, and the procedure for changing it is extremely troublesome."*
- *"Because of the pandemic our activities were suspended or cut back for several years and we have not been able to carry out the plan as written."*
- *"The annual redemption on the continuing activity is small and the period over which the plan has to be filed is long."*
- *"Most of our public-interest asset amount is land and buildings, so the balance with the liquid assets we need to run activities is poor."*
- *"If we keep generating deficits through public-interest expenditure, no substantial sum is left for buildings or equipment; we decline, and eventually the only option left is dissolution."*
- *"Because the plan cannot be completed until we run at a deficit, we are constrained even when we want to increase income."*

The tax cluster (22 answers) is dominated by one absence — **the donor deduction** — and by the position of non-profit-type corporations that carry on some taxable activity: *"we are a non-profit-type corporation, but we could not achieve the public-interest activity ratio for financial reasons and gave up on transferring, and the absence of donor relief is indirectly worsening the finances of our public-benefit work."* One inhabitant-tax comment is worth quoting in full for what it says about small organizations at the margin:

> *We are a strictly non-profit corporation carrying on no profit-making activities. Since we were founded we have paid ¥70,000 of inhabitant tax every year. This year is our tenth; we suspended operations for a time during the pandemic, and the total is approaching ¥700,000. There is no benefit in paying it, and we sometimes think about dissolving. If at least the per-capita levy were exempted, we could carry on with confidence.*
>
> — A general association

Two further clusters are organizational rather than regulatory: **membership decline** — *"the corporation is becoming hard to sustain as membership falls"*; *"no member will take on a directorship"*; *"compared with a public-interest corporation with a supervising ministry, the benefit of belonging is thin, membership is falling and operation is difficult; we cannot help economizing on personnel and it is hard to employ people in their prime"* — and **the absence of anyone to ask**: *"we run with few people and cannot consult anyone about what we do not understand, so operation always ends up being the same as last year."*

6.4 Would they seek certification?

85.4 percent would choose General nonprofit corporation status again. 8.5 percent would choose public-interest status. 1.2 percent would choose a specified non-profit corporation and 1.5 percent a for-profit company.

Which form would you choose again?	Associations	Foundations	Total	Change
General nonprofit corporation, as now	397 (88.0%)	165 (79.7%)	**562 (85.4%)**	+1.0
Public-interest corporation	31 (6.9%)	25 (12.1%)	**56 (8.5%)**	−0.3
Specified non-profit corporation	5 (1.1%)	3 (1.4%)	8 (1.2%)	−1.1
For-profit company	4 (0.9%)	6 (2.9%)	10 (1.5%)	−0.8
Social welfare corporation	2 (0.4%)	1 (0.5%)	3 (0.5%)	+0.4
Other or unknown	12 (2.7%)	7 (3.4%)	19 (2.9%)	+0.8

Table 6.4 — Table 107 of the original.

Foundations are nearly twice as likely as associations to want public-interest status (12.1 against 6.9 percent) — the same asymmetry seen throughout. Unlike the public-interest side, **there is no size gradient**: satisfaction runs between 80.4 and 96.8 percent in every income band with no pattern. By field, the wish for certification never exceeds 26.1 percent (arts and culture) and is zero in two fields.

By location, all respondents in Fukushima, Chiba, Toyama, Fukui, Nara, Wakayama, Tottori, Tokushima, Mie, Ehime, Kochi and Saga would stay as they are; the lowest are Oita (50.0 percent, on two respondents), Yamanashi (66.7, on three) and Gifu (68.8). The Association notes that a high difficulty rate does not translate into a low retention rate — Iwate reports 87.5 percent difficulty and 87.5 percent retention — and says the relationship needs further analysis.

Why not public-interest status

535 corporations that would not choose certification said why. The leading answer is not about tax or paperwork.

Reason for not seeking certification (multiple answers)	Associations	Foundations	Total
We want to carry out public-benefit activity freely and flexibly	194 (52.0%)	86 (53.1%)	**280 (52.3%)**
The annual statutory filings would be a heavy clerical burden	141 (37.8%)	57 (35.2%)	198 (37.0%)
The public-interest activity ratio would constrain our activity	125 (33.5%)	56 (34.6%)	181 (33.8%)
The balance rule would constrain our activity	105 (28.2%)	54 (33.3%)	159 (29.7%)
Supervision, including on-site inspection, would be a burden	99 (26.5%)	42 (25.9%)	141 (26.4%)
Change-certification and notification would be a burden	75 (20.1%)	27 (16.7%)	102 (19.1%)
No particular reason	59 (15.8%)	24 (14.8%)	83 (15.5%)
The idle-asset ceiling would prevent provision for contingencies	33 (8.8%)	18 (11.1%)	51 (9.5%)
Running the statutory organs properly would be difficult	18 (4.8%)	11 (6.8%)	29 (5.4%)

Table 6.5 — Table 112 of the original. Percentages are of the 535 corporations that answered.

Autonomy outranks every specific regulatory objection. More corporations cite the wish to act freely and flexibly (52.3 percent) than cite the filings, the ratio and the balance rule. That is a different diagnosis from the one implied by the public-interest results, where the objections are to particular rules; here the objection is to being supervised at all. A reform that lightens the rules without changing the relationship may therefore move fewer of these corporations than its designers hope — which is what JACO's 2025 round would go on to find.

The free-text answers are blunter still and add a category the options do not offer: **the status would not fit us**. *“We exist for fellowship and exchange among members; there is no benefit in public-interest status.” “Apart from tax, we feel no obstacle as a general association.” “We are small and it does not suit us.” “We do not have enough secretariat staff to handle the work involved.”* And one that reads as a summary of Part 5: *“it looks like a lot of trouble.”*

Against these, one foundation's free-text answer states the demand side of the Association's argument exactly: *“we would like to aim at public-interest status, but for an organization without our resources the hurdle is high. We would be glad if the system were changed so that organizations like us could operate as public-interest corporations.”*

6.5 Donations, tax and organization

79.3 percent of General nonprofit corporations received no donation income at all — thirty points above the public-interest figure — and 94.6 percent are at or below 10 percent. The Association attributes the gap to two causes: General nonprofit corporations attract no donation tax relief, and their revenue is dominated by membership dues (70.5 against 49.4 percent).

549 do not solicit donations. **61.6 percent say activity and investment income are sufficient**; 37.2 percent that they have never fundraised and have no know-how — both close to the public-interest pattern but with sufficiency further ahead. Of the 90 that do solicit, **57.8 percent hope for corporate giving** and 50.0 percent for many small

individual gifts.

Only 26 corporations wrote tax requests — 12 on corporation tax, and the rest scattered. This is a quieter constituency than the public-interest one, where 138 wrote, and the difference is instructive: General nonprofit corporations mostly want to be left alone.

The ¥3 million rule, the pandemic, and disclosure

Of 195 general foundations answering, **95.4 percent have never had net assets below ¥3 million**; three have fallen below for two consecutive years and one once. Of 129 giving a view, **78.3 percent say guidance or support should precede compulsory dissolution** and 15.5 percent that the rule should be abolished — the same shape as on the public-interest side, slightly less emphatic.

The pandemic hit General nonprofit corporations less hard: **49.8 percent report no significant effect** (against 36.1 percent of public-interest corporations), 24.8 percent a large negative effect on income (against 29.7) and 2.1 percent an existential problem (against 3.7). Only 14.9 percent report the surplus effect, half the public-interest figure — unsurprising, since fewer of them have endowment income that continues while activity stops. **Seven corporations borrowed**, one association and six foundations, in amounts from ¥2 million to ¥200 million.

Organizational priorities mirror the public-interest side at slightly lower intensity: **operational efficiency 42.1 percent** (against 51.7), staff training 32.5 (35.8), business growth 26.1 (27.6), DX 24.5 (27.3), fundraising 20.8 (31.0). **18.1 percent have no priority in particular**, against 11.2 percent.

Disclosure is markedly thinner. Where 74.6 to 85.0 percent of public-interest corporations publish each core document, General nonprofit corporations publish the list of officers 66.3 percent of the time, the articles 60.6, financial statements 56.5, the activity report 49.7, the activity plan 47.7 and the budget 40.3. **7.8 percent have no website at all**, three times the public-interest rate.

Document published on the website	Public-interest	General
Financial statements	85.0%	56.5%
List of officers	84.4%	66.3%
Articles of incorporation	83.9%	60.6%
Activity report	81.6%	49.7%
Activity plan	78.8%	47.7%
Budget	74.6%	40.3%
Annual report	4.5%	3.2%
No website	**2.5%**	**7.8%**

Table 6.6 — Tables 89 and 125 of the original, set side by side by the editors.

The difference is a direct measure of what supervision produces. Public-interest corporations must file these documents annually and have them published on the national disclosure portal; General nonprofit corporations need not. Roughly **thirty points of disclosure** is what the compliance burden described throughout Part 4 buys the public.

Part 7 — In Their Own Words

7.1 On the balance rule, and what a deficit costs

The multiple-choice results give the balance rule a 52.4 percent difficulty rate. The free text explains what that rate is made of, and the first answer is the shortest one in the survey:

> *There is a tendency to spend money wastefully in order to clear the surplus.* — A public-interest association

That sentence is the Association's whole argument about the social loss of the system, stated by a respondent in one line. Others describe the same mechanism from further along: a foundation asks for **relief where operation runs at a deficit**; another for the scope of designated assets to be widened *"so that the fluctuation of income with the economic cycle can be absorbed, for the sake of medium- to long-term operation."*

The most consequential comments are the ones that connect the rule to borrowing. Four of the eighteen corporations that took out pandemic loans used the free-text box to make the same request. The questionnaire supplied that request as its own worked example, so the wording is prompted rather than spontaneous; what the answers show is that the example described a problem those corporations recognized.

- *"Please recognize the repayment of borrowings taken for working capital and for capital investment in public-interest activities as public-interest expenditure."*
- *"Treatment under the balance rule when funds have to be found to repay borrowings in the years after the working-capital year."* — three separate corporations
- *"Permit surpluses to be accumulated into a financial-management reserve."*

The problem is structural rather than one of hardship. A corporation borrows to survive a year in which its income collapses; it repays out of income in later years; the balance rule requires that income to be spent on public-interest activities in the year it arrives. Nothing in the pre-2025 rules resolved that — and the fact that the questionnaire's drafters chose it as their example says something too.

7.2 On the paperwork

The requests here are specific, repetitive and — with one exception — cheap. They cluster around a single complaint: that a corporation cannot tell what it is supposed to do.

- *"I do not really understand the criterion for deciding between a notification of change and an application for re-certification."* — a complaint that recurs about five times in the free text, in varying words
- *"Whether an item falls under certification or notification is not clear in advance, and I feel uneasy about the procedure."*
- *"Please solve promptly the fault by which merged cells are unmerged when a row is inserted in the Excel form."*
- *"It would be good if the web procedures could be done at weekends and on holidays."*
- *"The manual, the Excel file names for the activity report and many of the sheet names are confusing and not intuitive; the structure inside the documents is hard to follow too. If it were made clear, both sides' clerical work would be greatly reduced."*

The last of those is addressed to JACO rather than to a ministry, and it identifies the point that recurs throughout: **the cost of an unclear form is borne twice**, once by the corporation filling it in and once by the official checking it.

A second theme is proportionality. It appears in nearly every section of the free text and always in the same shape — the rules are written for a corporation with a finance department, and applied to one with a part-time clerk.

> *I do not understand the point of an on-site inspection every three years at a corporation whose budget and accounts run to about ¥20 million. We send the budget and the accounts every year in any case — please scale inspection to the size of the corporation.* — A public-interest association

Others put it more briefly: *“please treat us flexibly according to the size of the corporation”*; *“please respond in proportion to the size of the foundation”*; *“corporations with no profit-making activities and no director remuneration should be regulated under a separate standard”*; *“please simplify the procedure for small enterprises.”* The sector's own proposal — **simplify Schedules A and C below a size threshold** — is made by 17.6 and 21.8 percent of respondents in the multiple-choice questions and repeated here in plain words.

7.3 On inconsistent administration

Nothing in the free text is as consistent as the complaint about inconsistency. It appears in the inspection answers, the change-certification answers, the guidance answers and the requests to the authorities, from both legal forms and from every kind of jurisdiction.

- *“Officials differ in their handling and their views. Please give it uniformity and consistency, so as not to invite the misunderstanding that this is inspection for inspection's sake.”*
- *“The differences between officials are too great. There have been officials with no knowledge at all whom we had to teach. They are in the position of giving guidance, so please educate them to a certain level.”*
- *“The Cabinet Office and the prefectures sometimes take different views. Please unify on the Cabinet Office's.”*
- *“The officer changes every three years, and the findings and the guidance change with them. Their knowledge and information are inadequate, they cannot follow what we explain, and we are put to unnecessary work in a short time.”*
- *“There are cases where the present guidance contradicts the guidance given before.”*
- *“The quality of officials varies too much; please level it.”*
- *“I doubt whether the guidance is not differing between prefectures.”*
- *“It is unfair that prefectures divide activities between public-interest and profit-making differently — bicycle parks established by a city, for example.”*

Two remedies are proposed. One is the shared-guidance database quoted in section 4.4. The other is smaller and appears once: **publish the inspection checklist in advance.** Neither requires legislation.

There is also a version of the complaint that is about scheduling rather than substance, and it recurs enough to be worth recording: **the authority's own timekeeping**. *“Confirmation of what we submit is genuinely slow. They make the submitting side keep strictly to the deadline — is that not lenient toward themselves?” “After we submit the report, questions or corrections arrive six months to a year later. Please raise them at an early stage.” “Our FY2019 activity report has still not been confirmed.”* And on the other side of the same problem: *“there are times when we are required to answer a query with no allowance at all — please be flexible when the person responsible is away”*; *“a question e-mail arrived on Friday evening with a deadline of Monday morning; there is no consideration for private-sector staff's days off.”*

7.4 On the accounting standard

Ninety-eight corporations commented on the 2008 accounting standard, and seventy of them said in one form or another that it is too complicated. What makes the cluster worth reading is that the specific objections are all versions of a single design question: **for whom is this account being prepared?**

> *As for the accounting system itself, the certifying authority does not appear to know why we do it under that standard. To an ordinary person it makes no sense. Our tax accountant says he does not understand the system either. The only people who understand it are certified public accountants — so I think it is an accounting standard for the benefit of certified public accountants, really.* — A public-interest association

The segment-accounting comments make the point more precisely. Public-interest corporations must apportion shared costs between a public-interest segment and a corporate-administration segment, and the apportionment then propagates into everything the board sees:

- *“For a corporation that does nothing but public-interest activities, having to apportion is entirely wasted work.”*
- *“Is there any meaning in apportioning costs?”*
- *“Because the income statement is built on cost apportionment, it is hard to explain to the board.”*
- *“Because administrative costs are apportioned across activities, the budget as built up and the accounts as presented look different, and it is difficult to explain to the board of directors, the board of councillors or the outside world what was spent on what.”*
- *“For a single-activity grant-making corporation, setting up separate public-interest and corporate accounts does not fit the reality; it merely complicates the bookkeeping, with no benefit.”*

Two further requests are worth recording because they are constructive rather than critical. One asks that **the balance test and the idle-asset ceiling be readable directly off the financial statements**, which they presently are not. The other asks for relief scaled to materiality: *“the present system demands something close to corporate accounting, but many public-interest corporations are still run on a cash basis and cash management has become cumbersome. Relief in proportion to the size and materiality of the corporation — not requiring a bonus provision, for example — seems necessary.”*

7.5 On tax, and the invoice system

The tax free text is the largest single cluster in the report, and the qualified invoice system, which took effect days after the survey closed, dominates it. What distinguishes these answers from ordinary requests for relief is that most identify an **interaction** between the tax and the public-interest rules rather than the tax alone.

- *“Where the public-interest activity account balances, the consumption-tax return should not be required — as it is not for the general account of a local authority. The tax too would then balance at zero.”*
- *“We receive a designated-manager fee that includes personnel costs and pay consumption tax on those personnel costs. The tax is not taken into account in the calculation of the fee, so we are obliged to remit money that should have gone to our activities.”*
- *“Because of the nature of our work most of our suppliers are exempt businesses, so the invoice system produces a large tax burden. Public-interest corporations should be allowed input credit under defined conditions.”*
- *“Please review the business classification under the simplified consumption-tax regime. We have nothing but non-profit activities that generate no profit, and a deemed input rate of 50 percent is severe.”*
- *“Please revise the formula for the taxable-sales ratio for corporations whose main income is investment return.”*
- *“Double taxation on those we pay honoraria to, brought about by the invoice system.”*

The fixed-asset tax cluster is simpler — exempt property used for public-interest activities, extend relief to research grant-making, exempt depreciable assets — and the stamp-duty cluster is almost entirely about two documents: **service contracts and scholarship loan agreements**.

One inhabitant-tax pair asks for something no legislation is needed to supply: *“please set out the prefectural donation-relief measures clearly in one list”*; *“an easy-to-follow explanation of the donation relief would be welcome.”* And the single most efficient suggestion in the corpus, which would address the 34.2 percent of corporations that do not know the tax-credit scheme exists: **issue the tax-credit certificate at the same time as public-interest certification.**

7.6 On governance, and who decides

The governance-code answers show how much of the sector's governance is settled somewhere other than the board — and how many corporations consider themselves already compliant without a document.

- *“We are staffed by secondees from the parent company and apply the parent's rules.”*

- *“We are a body designated by the Minister of Land, Infrastructure and Transport under statute; complying with that special legislation achieves sound organizational operation.”*
- *“We have already recruited people who have had several years of training at listed companies.”*
- *“We do not rely on a particular code, but the board of directors, the board of councillors and the auditors have been equipped to perform their roles, and we work daily at transparent operation so that our public-interest activities can be advanced steadily under autonomous and effective governance.”*
- *“The governance the expert panel calls for is something we do as a matter of course as a public-interest corporation. We could say we have adopted one, though we have not written any rules. We feel no urgent need at present, but something may be required against the future.”*
- *“We are few in number and trust one another highly, so we have deferred it; if more people come to be involved in running the corporation it will become important.”*
- *“As I understand it, the internal control structure under Article 90(4)(v) of the General nonprofit corporations Act — which contains what is called a governance code — is compulsory only for large foundations.”*

Two answers stand out for a different reason. *“We are considering dissolving the corporation.” “We plan to dissolve in a few years.”* Those are the only two places in the entire free-text corpus where dissolution is given as a reason for not doing something — and they appear here, in the answers of corporations explaining why they will not adopt a governance code.

7.7 On the ¥3 million rule — where the sector disagrees with itself

This is the one question on which the free text records genuine disagreement rather than variations on a complaint. **Against** the compulsory dissolution rule:

- *“A fall in net assets can be unavoidable, as with a social problem such as the spread of an infectious disease. Dissolution should be triggered on a view of the corporation's record and activity, not on the asset figure alone.”*
- *“We hold land, so in the worst case we intend to get through it on a market valuation — but as a general matter the authorities should take the circumstances into account.”*
- *“I do not think it should be abolished, but I feel a contradiction when I think about it alongside the balance rule.”*

For it:

- *“Corporations that have become hollow — zombified — through lack of funds should be weeded out.”*
- *“If net assets fall below ¥3 million the activity itself has become impossible, so compulsory dissolution is appropriate.”*
- *“I think the system should continue.” / “I see no particular problem.” / “Leave it as it is.”*

The third comment in the first group deserves attention. A corporation is required by one rule to spend its public-interest income down to zero each year, and dissolved by another if its net assets fall below ¥3 million. The two rules are not formally in conflict — the balance rule bears on income, the dissolution rule on capital — but the respondent has identified the direction in which they both push a small foundation.

7.8 On the pandemic, from the inside

The borrowing schedules the original reproduces in full are the most concrete material in the report. A few lines convey what the summary tables cannot.

- A foundation, **¥100 million three times over 2020–2022**, from the Welfare and Medical Service Agency, over ten years with a five-year grace period: repayment begins October 2025 and ends **January 2037**. Asked what support it wants: *“treatment under the balance rule when funds have to be found to repay borrowings in the years after the working-capital year.”*
- A foundation, **¥1.55 billion** from a bank in June 2020 over five years, repaying ¥310 million in each of July 2022 and July 2023.

- A foundation, **¥300 million** from the Welfare and Medical Service Agency in July 2020, *"to secure working capital"*, five years' grace then ten years' repayment.
- An association, **short-term borrowings of ¥2–4.2 million** on six separate occasions in 2022, each repaid in about ten days: *"activity income fell and cash flow became difficult."*
- A foundation, **¥30 million** from the Japan Finance Corporation in August 2020: *"in April and May 2020 the state suspended our activities and two months' income ceased."* Five years' grace; repayment begins 2025.
- A general foundation whose secretariat notes simply: *"the new borrowing has not been repaid."*

The other thing these schedules show is where the money came from. Commercial banks and *shinkin* banks appear, but so do the **Japan Finance Corporation**, the **Welfare and Medical Service Agency**, **Shoko Chukin** and the **Okinawa Development Finance Corporation** — the public financial institutions. For a sector that received little direct pandemic support, the state's intervention took the form of lending, and the repayments run to 2037.

7.9 What corporations want from JACO

141 corporations wrote to the Association — 102 public-interest and 39 general. The answers are worth reporting because a membership body's inbox is a good indicator of what its members cannot get elsewhere, and because a substantial share are complaints about JACO itself, which the Association printed unedited.

On advocacy, the requests are for more of it and for a particular kind:

- *"Having read your survey reports on the European and American systems, I felt afresh the reality of Japan's excessive regulatory requirements. Japan's system and requirements are extremely strict and fantastically complicated; please make policy proposals to bring them even a little closer to the simpler and clearer systems abroad."*
- *"If proposals are made at the expert panel that do not match the reality of public-interest corporations, please block them."*
- *"Small local corporations feel a very heavy burden under the same public-interest constraints; please work hard so that they are eased."*
- *"A system change that allows internal reserves."*
- *"Please continue to take up individual public-interest corporations' voices and put them to the certifying authorities."*

On training and advice, the leading theme is cost — *"the seminar fees are too high"*; *"the training fees are far too expensive"*; *"we are not members and the participation charge is high, so we always give it up"*; *"please increase free seminars"*; *"please lower the annual membership fee"* — followed by requests for more online sessions, more accounting seminars, a standing (preferably free) advisory service on investment, and **a seminar explaining the expert panel's final report**.

On the Association's own service, several answers are sharply critical and are printed alongside the appreciative ones:

- *"Without giving a name — some staff speak extremely rudely. We are customers paying a fee; please improve this urgently so that the response is courteous and helpful."*
- *"If the only answer we get is the same as the administration's, there is no value in membership. Please grasp each corporation's situation and advise us on concrete measures."*
- *"Please answer questions sincerely. We are made to feel foolish for not knowing — we ask precisely because we do not know."*
- *"The free consultation is a great help, since there is much we do not understand. But one or two of the advisers are high-handed and mistaken; being treated that way, free or not, will surely damage the reputation you have built."*
- *"I do not think the Association is a necessary institution. If tax money is being used to run it, it should be dissolved at once. There are too many bodies like this in Japan."*

And a cluster of answers concerns the survey itself — a self-referential finding worth recording beside the falling response rate reported in Part 1: *“this questionnaire has itself become a burden. Please cut the compulsory items so that it can be answered in about five minutes.” “There are too many questions.” “We are a small body fully occupied with running the corporation and the office; something like this survey is a burden.” “It was quite difficult; some explanation would help — the corporation's form, Schedule H and so on.” “Please make it possible to save the answers.” “Our foundation has no full-time staff; only a part-timer who comes in a few days a week, so we could not understand the questions properly and our answers are inadequate. We are sorry.”*

Two answers ask for something the Association could supply immediately: *“I looked for the other survey reports on your website and had trouble reaching them — it was hard to follow”*; *“past survey reports appear to be published on the website but I cannot find them.”*

Part 8 — The Association's Conclusions

The Association's five points

1. On what public-interest corporations find difficult, more than half answer that **the balance rule constrains their activity (52.4 percent)** and that **the annual statutory filings are a heavy clerical burden (53.7 percent)**. Among General nonprofit corporations, by contrast, the commonest answer is that there is **no difficulty at all (41.8 percent)**, and one gathers that many are satisfied being General nonprofit corporations. It should be noted, however, that **31.5 percent** report that reporting obligations and supervision continue until the public-interest purpose expenditure plan is complete.

2. Income from profit-making activities matters for the sustained and stable supply of public-interest services, for expanding public-interest activities and for providing against contingencies. **36 percent** of public-interest corporations carry on profit-making activities in the accounting sense, and the smaller the corporation the more likely it is to do so. This is thought to reflect an intention to reinforce a weak financial base, however slightly, and so to sustain the stable supply of public-interest services.

3. On which form would be chosen again, **83.7 percent** of public-interest corporations answer that they would choose public-interest status — while **16.3 percent** would choose otherwise, and **13.0 percent** would move to General nonprofit corporation status. Among General nonprofit corporations, **85.4 percent** would remain as they are and **8.5 percent** would move to public-interest status. The hesitation about obtaining certification continues.

4. 48.6 percent of public-interest corporations and **79.3 percent** of General nonprofit corporations have no donation income; including those below 10 percent, the figures reach **79.7 and 94.6 percent**. Very few corporations are able to raise donations. For public-interest corporations this is thought to be affected by the limited take-up of tax-credit certification, which stands at **24.6 percent** — behind which lie the many corporations that do not know the scheme exists and those that consider the public support test difficult to satisfy.

5. On the conduct of the certifying authorities, the commonest answers are that there is no difficulty or no problem: **48.4 percent** on on-site inspection (down 4.1 points), **42.8 percent** on change-certification and notification (down 6.6 points) and **74.0 percent** on the authority's guidance (down 0.8 points). But it should be noted that all three are **on a declining trend** against past figures.

The Association closes by repeating that the results are important data cited in the National Diet, that running the survey annually is intended to make the effects of policy demonstrable, and by thanking the corporations that took part despite being busy.

What the conclusions leave for the reader

Editors' note. The Association's summary is deliberately restrained: it reports, and infers only where the inference is short. Three things visible in the data are worth naming alongside it, because they are what a reader coming to this report after the 2025 reform will want.

1. **The sector specified the reform before it happened.** 61.3 percent asked for the balance rule's annual test and surplus-clearing requirement to be reviewed while accepting medium-term balance in principle; 46.7 percent asked for a reserve they could use with some freedom; 38.8 percent asked for the idle-asset definitions to be made comprehensible; 69.8 percent asked for the certification burden to be cut. Every one of those became a feature of the April 2025 legislation. This report is the evidence base, and it is unusually clean: the requests were made in a survey the Association says is cited in the Diet, and they were made a year and a half in advance.
2. **The two requests that were not adopted are the size-differentiated ones.** 17.6 percent asked for Schedule A and 21.8 percent for Schedule C to be simplified below a size threshold — a third of the smallest band in each case — and the free text repeats the proportionality argument in a dozen forms. The 2025 reform changed the rules for everyone rather than differentiating by scale. The size gradients in Part 5 suggest that leaves the smallest corporations' principal difficulty, which is the activity report and the accounts rather than the financial tests, substantially where it was.
3. **The General nonprofit corporations' objection is not to the rules.** 52.3 percent give autonomy — the wish to act freely and flexibly — as their reason for not seeking certification, ahead of every specific regulatory objection. A

reform that lightens the rules while leaving the supervisory relationship intact addresses the second-order complaint and not the first. That is a testable prediction, and JACO's 2025 round tested it: 1.0 percent of General nonprofit corporations were then considering or had decided to apply.

Part 9 — Notes for Readers Outside Japan

9.1 Five things the numbers say that the headline does not

1. The certification is bought for reputation, and reputation is not fungible

76.1 percent name public trust as the benefit of certification; 54.1 percent name tax exemption. In a system where the tax privileges are real and the compliance costs are heavy, this ordering explains why the population is stable at around 9,700 and why 83.7 percent would certify again. **Corporations are buying a signal that only the state can issue**, and no amount of financial deregulation substitutes for it.

The corollary is visible on the other side of the survey. Only 8.8 percent of General nonprofit corporations feel any credibility deficit — because the audiences that matter to an industry association or a learned society do not require the signal. Certification is valuable to organizations that must be trusted by strangers: grant-seekers, donation-takers, contractors to government. It is nearly valueless to organizations trusted by their own members, which is why the membership bodies in Part 5 are the ones most likely to want out.

2. The sector asked for medium-term balance, not for deregulation

This is the finding most likely to be misread from outside. Only **31.8 percent** of public-interest corporations want the balance-of-income-and-expenditure rule abolished — a figure that has stayed flat across every income band, every field and almost every jurisdiction. **61.3 percent** want something much more specific: the principle retained, the *annual* test and the surplus-clearing requirement reconsidered.

That is not a sector arguing for freedom from the discipline of spending its public-interest income on public-interest work. It is a sector arguing that **twelve months is the wrong accounting period** for an organization whose income arrives in lumps — a bequest, a three-year grant, a good year on the endowment — and whose expenditure runs on a different cycle. The 2025 reform accepted that argument. The evidence that it was the right argument to accept is in this report.

3. There are two burdens, and they fall on different corporations

The most useful analytic result in the survey is that regulatory burden does not decrease monotonically with size, as English-language commentary on Japanese non-profit regulation often assumes. It has two components moving in opposite directions:

	Under ¥10m	Over ¥1bn	Direction
Balance rule constrains activity	33.9%	60.0%	rises
Change-certification is a burden	28.2%	48.4%	rises
Annual statutory filings are a burden	50.0%	60.0%	rises
Public-interest ratio constrains activity	25.8%	7.4%	falls
Activity report and accounts are a burden	54.0%	41.1%	falls
Would rather be a General nonprofit corporation	21.0%	4.2%	falls
Holds tax-credit certification	33.9%	13.7%	falls

The **financial** tests bite at the top, because only a corporation with substantial activity runs into them regularly. The **documentary** requirements bite at the bottom, because they are indivisible: a ¥5 million corporation prepares the same activity report as a ¥5 billion one, with a fraction of the staff. A reform that loosens the financial tests therefore delivers most of its benefit to the corporations that were least likely to leave — and the corporations with a one-in-five preference for General nonprofit corporation status are left with the burden they actually named.

The sector's own remedy, made by a third of the smallest band and repeated a dozen times in the free text, is to **differentiate the filing requirements by size**. It was not adopted.

4. A third of the sector does not know about its own donor incentive

34.2 percent of public-interest corporations do not know that tax-credit certification exists — 42.8 percent of associations. The scheme is the principal instrument Japanese tax policy has for stimulating individual giving to this sector, and it has existed since 2011.

The figure is not uniform. It runs from 14.3 percent in Hyogo to 83.3 percent in Tokushima, and **fourteen prefectures record majorities that have never heard of it**; Cabinet Office-certified corporations are at 21.7 percent, seventeen points below the prefectural figure of about 39 percent. Whatever informs corporations about the scheme is a jurisdictional function, and it is not working everywhere.

Among corporations that *do* know and have not applied, the obstacle is the **public support test (40.5 percent, up six points in a year)** rather than the paperwork (6.5 percent, down 4.4). One respondent's suggestion — issue the tax-credit certificate with the public-interest certificate — would address the awareness half of the problem at essentially no cost. The eligibility half is a policy question that this survey poses and does not answer.

5. The tax debate the sector wants is not the one it is offered

International discussion of Japanese non-profit tax policy concentrates on incentives for giving. Asked an open question, these corporations produced **54 requests about consumption tax** — most of them about the qualified invoice system, which took effect three days after the survey closed — against **25 on fixed-asset tax, 11 on stamp duty and 4 on corporation tax**. Donation relief barely features.

The mechanism is worth understanding because it is peculiar to non-profit finance. Membership dues, subsidies and grants fall outside the scope of consumption tax; the “specified income” rules restrict the input credit accordingly; so a corporation funded principally by dues and subsidies pays consumption tax on its purchases without being able to recover it. **The tax falls hardest on exactly the dues-funded bodies that make up the core of the sector** — and, unlike corporation tax, it cannot be avoided by being non-profit.

The invoice system compounds this in a way several respondents identified precisely: a corporation whose suppliers are small exempt businesses — honorarium recipients, individual instructors, local traders — loses the input credit on everything it buys from them. And a corporation whose designated-manager fee was calculated without allowance for consumption tax remits, out of money intended for its activities, a tax nobody costed.

9.2 What this report is evidence for

Because the survey ran in September 2023 and the reform commenced in April 2025, this volume has an unusual status: it is a **pre-registration of a policy change by its intended beneficiaries**. The correspondence is close enough to set out plainly.

What the sector asked for in 2023	Share asking	What April 2025 did
Keep medium-term balance in principle; review the annual test and surplus-clearing	61.3%	Replaced the annual balance test with a five-year one
Create a reserve the corporation may use with some freedom	46.7%	Created the Public-Interest Enhancement Fund and a continuity reserve
Make idle-asset definitions and calculation comprehensible	38.8%	Renamed idle assets; ceiling averaged over five years
Relax conditions on the asset-acquisition fund and designated expense reserve	30.6%	Partly addressed via the new instruments
Reduce the clerical burden of certification and notification	69.8%	Many change-certifications converted to notification; forms simplified
Clarify which changes need certification rather than notification	38.6%	Test restated: whether the change materially affects public-interest character
Simplify Schedule A below a size threshold	**17.6%**	**Not adopted**
Simplify Schedule C below a size threshold	**21.8%**	**Not adopted**
Take donations out of the balance test	**16.0%**	**Not adopted**

Table 9.1 — Compiled by the editors. The left column and its percentages are from Tables 25, 30 and 35 of the original; the right column summarizes the 2025 legislation and is not drawn from this report.

9.3 What to watch

- **Whether the number of public-interest corporations begins to rise.** It stood at 9,705 in April 2024, up 34 in thirteen months, while General nonprofit corporations rose by 5,211. The Association identifies this ratio as the test of the system. On the evidence of Part 6 — where 52.3 percent of General nonprofit corporations cite autonomy, not rules, as their reason for staying out — the reform is unlikely to move it quickly.
- **Whether the size gap narrows or widens.** The reform granted discretion over surpluses. Discretion is usable only by a corporation that has a surplus and the staff to document its allocation. If the smallest band's satisfaction stays near 73 percent while the largest rises above 95, the reform will have widened the gap it was meant to close.
- **Whether the "do not know" shares fall.** 34.2 percent unaware of tax-credit certification is the single most correctable finding in this report. If the next rounds do not move it, the failure is structural rather than incidental.
- **Whether response rates keep falling.** 19.8 percent is the lowest public-interest rate in the series, and 10.2 percent the second-lowest general rate after 2017's 9.8 percent. The Association notes that the results are cited in the Diet; several respondents replied that the survey itself has become a burden. Both things are true, and they are in tension.

9.4 A note on the limits of this evidence

Three cautions are worth carrying into any use of these figures.

It is a self-selected sample, and thinning. Response rates are 19.8 and 10.2 percent, against 21.5 and 24.3 at the start of the series; the public-interest rate is the lowest it has been. The Association argues, reasonably, that the rates are consistent enough for the series to be comparable over time — but corporations that answer a survey about regulatory burden are likely to be more engaged with regulation than those that do not, and several free-text answers make clear that the least-resourced corporations are the ones for whom answering is hardest.

The jurisdictional comparisons rest on small samples. Saga returned five public-interest respondents, Tokushima six, Wakayama six. A single corporation moves those percentages by seventeen to twenty points, and this edition reports the extremes only because the original draws attention to them. The finding that survives is the *width* of the distribution, not any prefecture's place in it.

Some of the original's percentages do not reconcile. Two footnotes state the wrong denominator, one table's association and foundation columns are computed on each other's bases, and there are scattered rounding inconsistencies. This edition follows the tables rather than the footnotes and records each discrepancy in Appendix C. None of them is large enough to affect any conclusion drawn here.

Appendix A — Glossary

Terms as used in the original report, with the Japanese and a note on how each bears on the findings.

Term	Japanese	Note
Public-interest corporation	公益社団法人 / 公益財団法人	An association or foundation that has obtained public-interest certification. 9,705 existed in April 2024.
General nonprofit corporation	一般社団法人 / 一般財団法人	An association or foundation established by registration alone, without certification. 85,321 existed in April 2024.
Public-interest certification	公益認定	Granted by the Cabinet Office for nationwide bodies, otherwise by a prefectural governor. 48 certifying authorities in all.
Balance of income and expenditure	収支相償	Income from public-interest activities may not exceed expenditure on them. Tested annually and in two stages; a surplus must in principle be cleared by the following year-end. Named as a difficulty by 52.4% of respondents.
Public-interest activity ratio	公益目的事業比率	Expenditure on public-interest activities must be at least 50% of total expenditure. Constrains 25.8% of the smallest corporations and 7.4% of the largest.
Idle assets	遊休財産	Assets not committed to a specific purpose. Capped at roughly one year's public-interest activity expenditure. Renamed and re-based in 2025.
Asset-acquisition fund	資産取得資金	A fund for a planned acquisition, excluded from the idle-asset calculation if conditions are met. 30.6% of respondents want those conditions relaxed.
Designated expense reserve	特定費用準備資金	A reserve for identified future expenditure, likewise excluded if conditions are met.
Tax-credit certification	税額控除証明	Allows an individual donor a credit against tax rather than a deduction from income. Held by 24.6% of respondents; 34.2% do not know it exists.
Public support test	PST	The eligibility rule for tax-credit certification. Named as the obstacle by 40.5% of those aware of the scheme but not certified — up six points in a year.
Special civil code corporation	特例民法法人	A corporation established under the pre-2008 Civil Code and given a transition period. 70.0% of public-interest and 60.0% of general respondents came from this route.
Public-interest purpose expenditure plan	公益目的支出計画	The plan under which a transition corporation spends down its inherited public-interest assets. Reporting and supervision continue until it is complete — the leading difficulty for General nonprofit corporations at 31.5%.
Strictly non-profit type	非営利徹底型	A General nonprofit corporation tax classification: taxed only on the 34 enumerated profit-making activities. 353 respondents.
Mutual-benefit type	共益型	A General nonprofit corporation tax classification for member-benefit bodies; likewise taxed only on the enumerated activities. 106 respondents.
Ordinary type	普通型	A General nonprofit corporation taxed on all income. 199 respondents.
The 34 categories	収益事業 34 業種	The activities the Corporation Tax Act treats as profit-making. A public-interest corporation carrying one on may still be exempt if it is certified as part of its public-interest activity.

Term	Japanese	Note
Schedule A / Schedule C / Schedule H	別表 A / 別表 C / 別表 H	Schedules of the annual statutory filings: A concerns the balance test, C the idle-asset calculation, H the residual assets on dissolution. All three attract simplification requests.
Designated manager	指定管理者	A body appointed to run a public facility under contract with a local authority. A major revenue line for 25.6% of public-interest respondents.
Qualified invoice system	インボイス制度	The consumption-tax invoice regime that took effect on 1 October 2023, three days after this survey closed. The dominant subject of the tax free text.
Governance code	ガバナンス・コード	Includes ethics rules and codes of conduct. Adopted by 13.1% of respondents; 51.1% among sports bodies.
Compulsory dissolution	強制解散	A foundation whose net assets fall below ¥3 million for two consecutive years is dissolved by operation of law. 98.7% of responding foundations have never approached the threshold.

Appendix B — The Original Report

Title	公益法人・一般法人の運営等に関するアンケート結果（2023 年 9 月実施分）報告書
Published by	Japan Association of Charitable Organizations
Address	2-27-15 Honkomagome, Bunkyo-ku, Tokyo 113-0021, Japan
Contact	Tel +81-3-3945-1017 · https://www.kohokyo.or.jp/
Extent	139 numbered pages plus front matter; 126 statistical tables
Language	Japanese
Structure	I Survey overview · II Results [public-interest corporations] · III Results [General nonprofit corporations] · IV Summary · V Appendix: verbatim answers · VI Full questionnaire text

Table B.1 — The original Japanese edition.

The appendix of verbatim answers occupies **42 pages** and is organized as 27 numbered sections for public-interest corporations and 15 for General nonprofit corporations, keyed to the “other” option of the corresponding table. Part 7 of this edition draws on it throughout.