

Sector Review 2

Survey of Public Interest Corporations

— The second year of the reform, seen from the field —

September 28, 2026

1. About the survey

A little over a year has passed since the reform of the public interest corporation system took effect in April 2025. The reform was broad in scope: (i) a relaxation of financial discipline, through the introduction of the medium-term balance requirement, the creation of the public interest reserve fund and the renaming of idle assets as “assets of unspecified use”; (ii) a move from authorisation to notification for changes, and simpler application forms; (iii) an obligation to appoint external directors and external auditors; and (iv) the move to the FY2024 accounting standard together with a recasting of the annual statutory filings.

Following the 2025 survey conducted immediately after the reform came into force, the Association surveyed public interest incorporated associations and foundations on the web from August 3 to September 10, 2026 and obtained 1,370 valid responses (response rate 22.7%). If the earlier survey captured expectations and uncertainty around the change, this one reports a year of operating experience. Many questions were reworded, so a strict time-series comparison has its limits; where a question is comparable, the earlier figure is shown alongside.

Table 1 Profile of responding corporations

Category	No.	%	Total income, FY2025	No.	%
Public interest incorporated association	652	47.6	Under ¥10m	118	8.6
Public interest incorporated foundation	718	52.4	¥10m – under ¥30m	207	15.1
Cabinet Office jurisdiction	389	28.4	¥30m – under ¥100m	395	28.8
Prefectural jurisdiction	981	71.6	¥100m – under ¥500m	447	32.6
Carries on profit-making business	463	33.8	¥500m – under ¥1bn	106	7.7
Carries on no profit-making business	907	66.2	¥1bn or more	97	7.1

Note: in the left column the first block is legal form, the second the competent authority and the third whether the corporation carries on a profit-making business within the meaning of the Authorisation Act. The right column shows total income (ordinary revenue) for FY2025 by size. Percentages are shares of the 1,370 valid responses. Of the 463 corporations carrying on a profit-making business, 445 answered the question on transfers to public interest activities discussed in section 8.

2. Overall assessment of the reform

Asked to assess the reform as a whole, 52.0%—a majority—answer “neither positive nor negative”, so as in the previous survey the largest group is still reserving judgement. Within that total, however, a clear change has taken place (Figure 1).

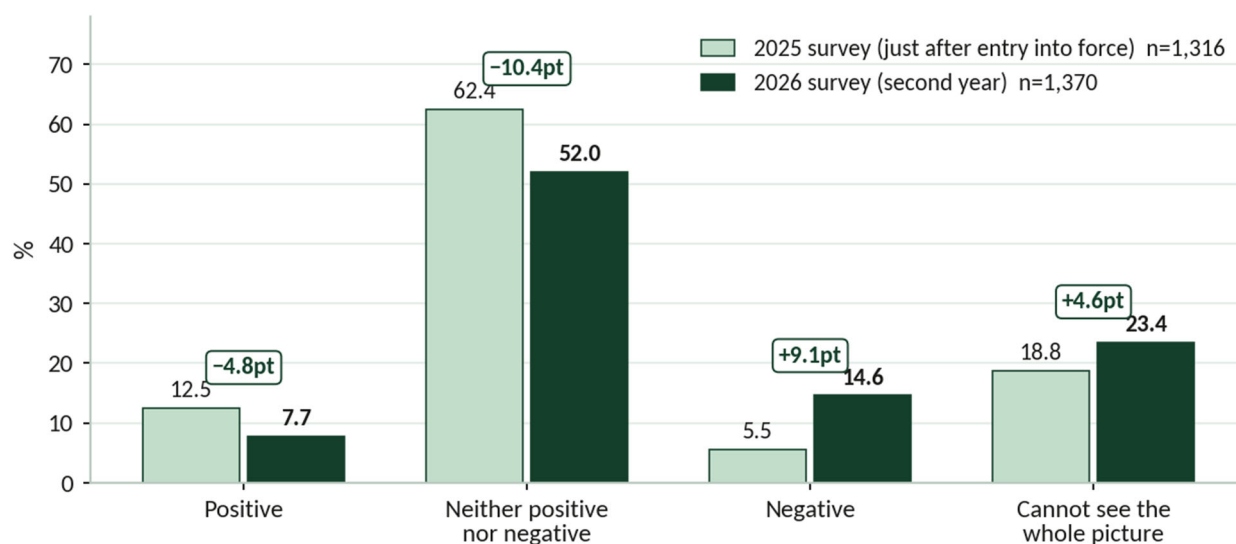


Figure 1 Overall assessment of the reform (2025 → 2026)

“Positive” has fallen from 12.5% to 7.7%, while “negative” has risen 2.7-fold from 5.5% to 14.6% and “cannot see the whole picture” from 18.8% to 23.4%. Part of the 62.4% who previously answered “neither” has, after a year of operating the system, moved to the negative side.

By attribute (Table 2), the smaller the corporation the more often it “cannot see the whole picture” (27.8% under ¥100m against 14.3% at ¥500m or more), and the larger the corporation the more often it is “negative” (18.2%). Small corporations have yet to grasp the whole picture; large ones have grasped it and reached an unfavourable view. By competent authority, corporations under Cabinet Office jurisdiction have digested the reform rather better.

Table 2 Overall assessment of the reform, by attribute (%)

Attribute	n	Positive	Neither	Negative	Cannot see the whole picture
All respondents	1,370	7.7	52.0	14.6	23.4
Under ¥100m	720	8.1	47.9	14.2	27.8
¥100m – under ¥500m	447	6.9	57.0	13.6	20.6
¥500m or more	203	8.4	55.7	18.2	14.3
Cabinet Office jurisdiction	389	10.3	52.2	15.4	19.0
Prefectural jurisdiction	981	6.7	52.0	14.3	25.2
Public interest associations	652	6.7	51.4	13.3	26.8
Public interest foundations	718	8.6	52.6	15.7	20.3

“Other” (2.2% overall) is excluded, so rows do not sum to 100%.

3. Take-up of the individual measures

Figure 2 sets side by side, for each of the principal measures, the share of corporations that have actually used it and the share still at the stage of understanding or considering it.

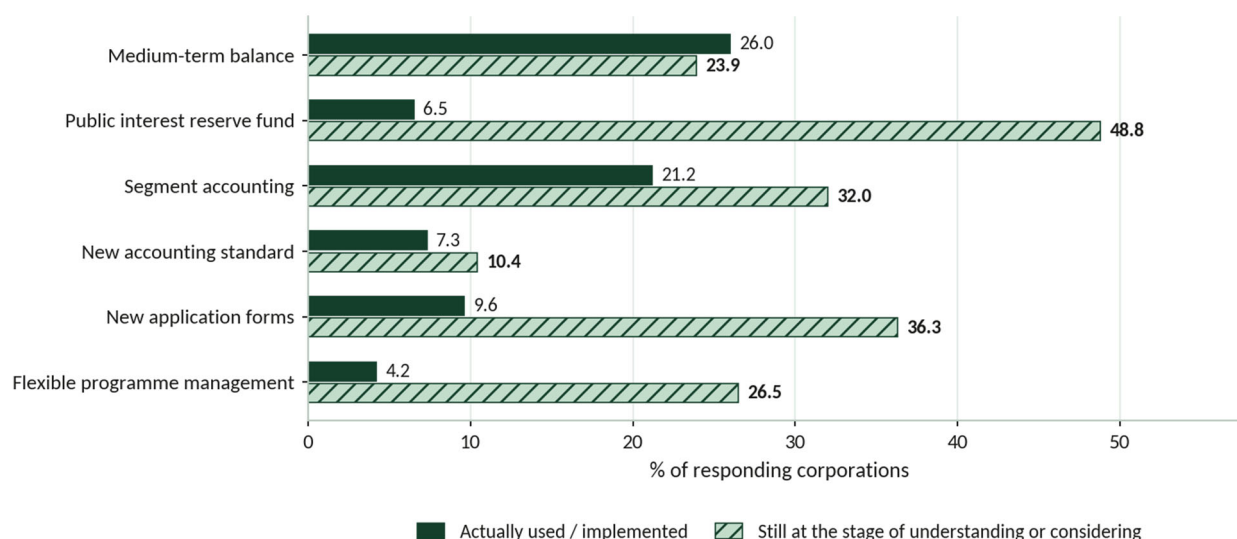


Figure 2 Take-up of the measures introduced by the reform

n=1,370. For the public interest reserve fund, “used” is the total of those that have begun a new accumulation.

The sharpest contrast is the public interest reserve fund: only 6.5% have begun a new accumulation, while 48.8% answer that they are “not yet familiar enough with it to use it”. For the new application forms, 9.6% have switched and 36.3% do not yet understand their purpose. Flexible programme management has been used by just 4.2%.

The medium-term balance requirement is the only item where those who have used it (26.0%) outnumber those not yet familiar with it (23.9%)—the pillar of the reform that has penetrated practice furthest. Segment accounting has also reached 21.2% for introduction and operation.

By size of income the gap is sharper still (Table 3). New accumulations in the public interest reserve fund run at 4.4% among small corporations against 12.8% among large ones, and the introduction of segment accounting at 17.9% against 31.5%. Conversely, “not yet familiar with it” is highest among small corporations for every measure.

Table 3 Response to the principal measures, by size of income (%)

Measure and answer	All	Under ¥100m	¥100m–500m	¥500m or more
Medium-term balance: has eased the psychological burden	26.0	22.5	28.9	32.0
Medium-term balance: not yet familiar with the calculation	23.9	25.7	23.9	17.2
Public interest reserve fund: new accumulation begun	6.5	4.4	6.9	12.8
Public interest reserve fund: not familiar, so unused	48.8	54.9	46.3	33.0
Segment accounting: already introduced and operating	21.2	17.9	21.9	31.5
Segment accounting: practical requirements unclear, work delayed	32.0	36.0	30.9	20.2
New application forms: cannot grasp their purpose at all	36.3	41.0	29.5	34.5
Flexible programme management: hard to judge whether it applies	26.5	27.8	25.1	25.1

n = 720 under ¥100m, 447 for ¥100m–500m, 203 for ¥500m or more. For the public interest reserve fund, “new accumulation begun” is the total of the two options covering accumulations started other than by carrying over from the old regime.

4. Which parts of the reform are useful, and which are burdensome?

The field regarded as “most useful” remains the relaxation and clarification of financial discipline, at 38.0%, though this is down from 42.1% in the previous survey (Figure 3). Simplification of

administrative procedures and the review of accounting standards are both down as well, and “no item found particularly useful” has risen from 27.0% to 36.4%, moving into close second place.

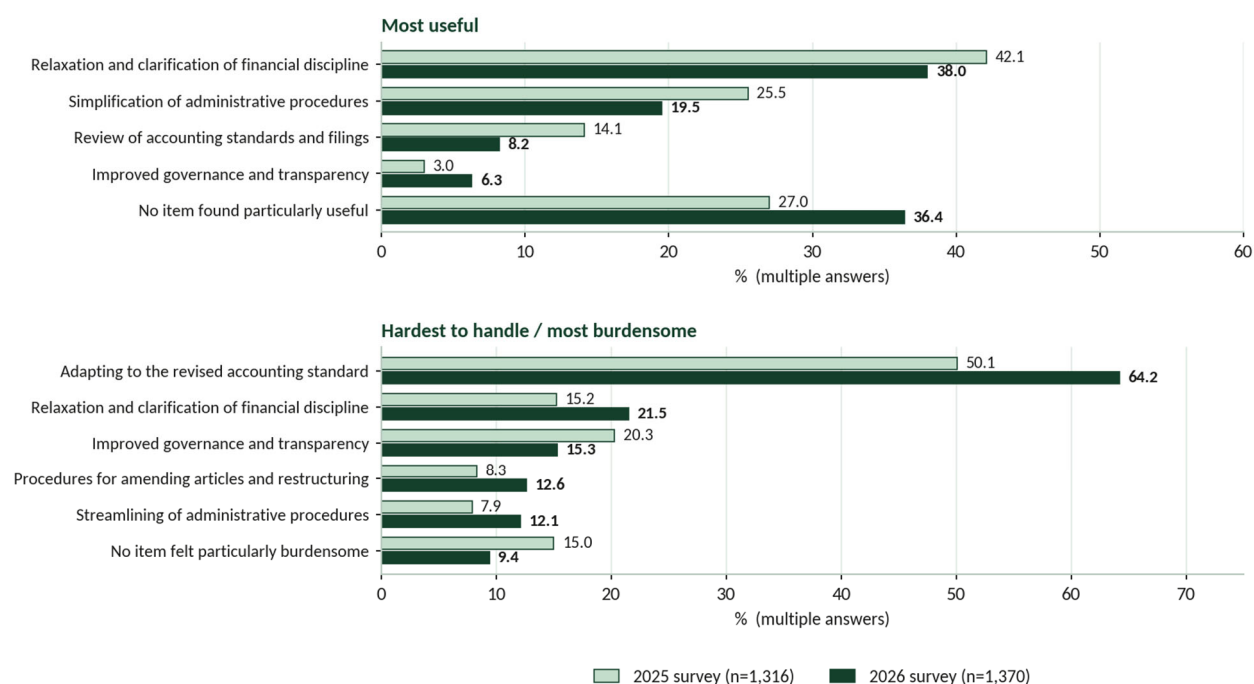


Figure 3 Fields felt to be “most useful” and “hardest to handle / most burdensome”

On the burden side, “adapting to the revised accounting standard” has risen steeply from 50.1% to 64.2%, far ahead of everything else. The relaxation and clarification of financial discipline has also risen, from 15.2% to 21.5%: financial discipline is at once the most useful part of the reform and one of the hardest to operate. By contrast “improved governance and transparency” has fallen from 20.3% to 15.3%, which suggests that the work of appointing external officers has largely run its course.

5. Adapting to the new accounting standard

The accounting standard, where the burden is concentrated, deserves a closer look. The most common timing for the move to the FY2024 standard is “during FY2027” at 29.9%, followed by “considering it but the timing is undecided” (22.6%) and “from FY2028 without using the transitional measure” (16.6%). Only 7.3% have completed the move, and 10.4% “cannot assess the impact”.

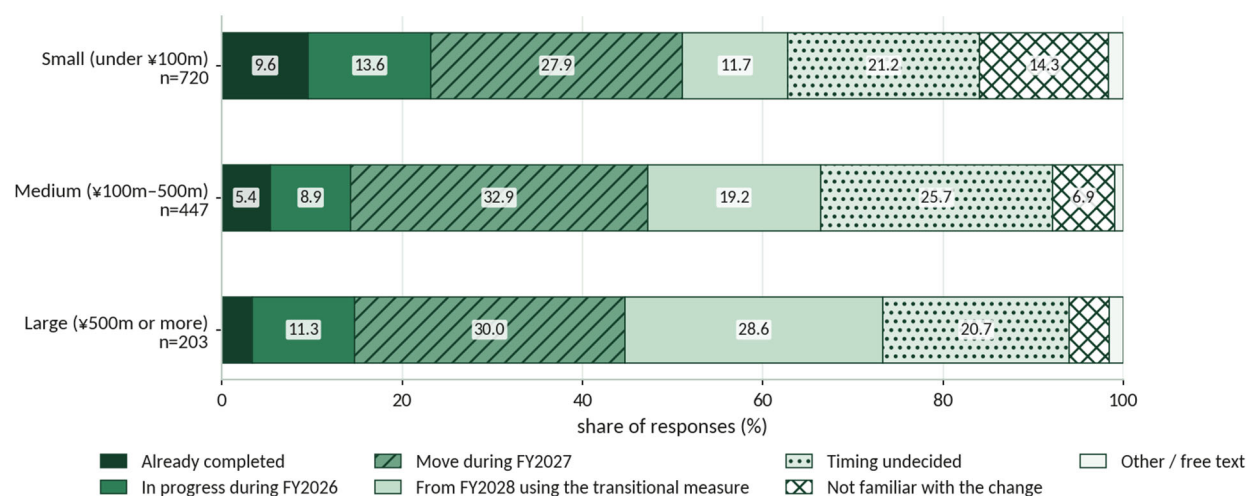


Figure 4 Timing of the move to the FY2024 accounting standard, by size of income

By size the picture is contrasting (Figure 4). Completion is highest among corporations under ¥100m at 9.6% and lowest at ¥500m or more (3.4%). Conversely, “from FY2028” runs at 28.6% among large corporations against 11.7% among small ones. Small corporations are not uniformly ahead, however: “not familiar with the change” is 14.3% among them against 4.4% among large corporations, so that the undecided group—those with the timing undecided plus those unfamiliar with the change—amounts to 35.6% for small corporations and 25.1% for large ones. Small corporations divide into those that have finished early and those that have not yet engaged with the change at all.

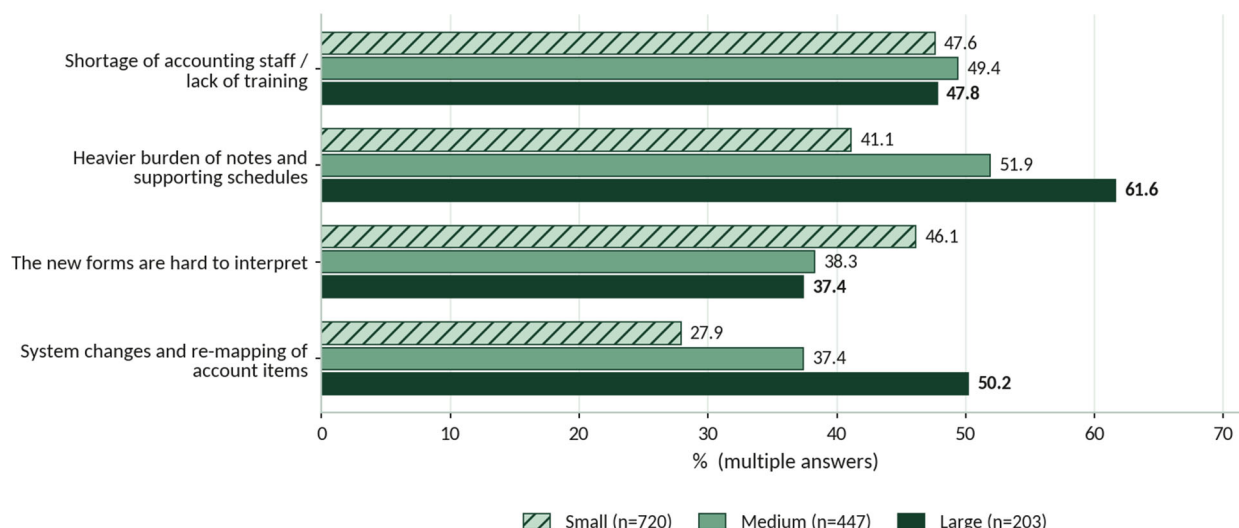


Figure 5 What corporations find hard about the new accounting standard, by size of income

What is felt to be “hard” also differs in content by size (Figure 5). The heavier burden of notes and supporting schedules runs at 41.1% among small corporations against 61.6% among large ones, and system changes and re-mapping of account items at 27.9% against 50.2%—both rising with size. Yet “the new forms are hard to interpret” runs the other way, 46.1% against 37.4%. For large corporations the burden is one of volume of work; for small ones it lies in interpreting the forms themselves. A shortage of accounting staff reaches about 48% irrespective of size, and only 6.4% say they are “coping smoothly”.

Among the statutory filings, the documents reported as most burdensome are the “financial figures and the schedule of their calculation” in the business report (37.4%), the “types and content of public interest activities and of profit-making business” in the business plan (31.4%), and the “business report and its supporting schedules” (27.2%). Only 1.5% report no burden at all (Figure 6).

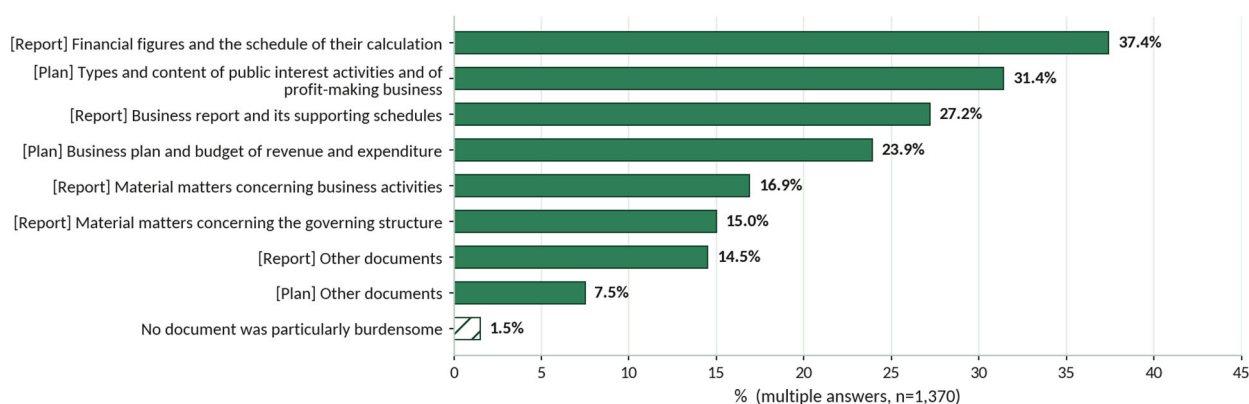


Figure 6 Statutory filings that proved most burdensome in practice

[Report] denotes documents filed with the business report, [Plan] those filed with the business plan. Multiple answers, so the total exceeds 100%. “Other” (6.8%) is omitted.

6. Administrative procedures and disclosure

On the move to notification for changes, 41.8% have filed no change notification and 40.6% have not examined which procedures are affected, so eight in ten corporations are not yet in a position to assess the effect of the reform (Figure 7). Only 9.9% have filed a notification under the new system. “Practice and criteria vary between authorities” was cited by 4.1%, with prefectural corporations (4.9%) above Cabinet Office ones (2.1%).

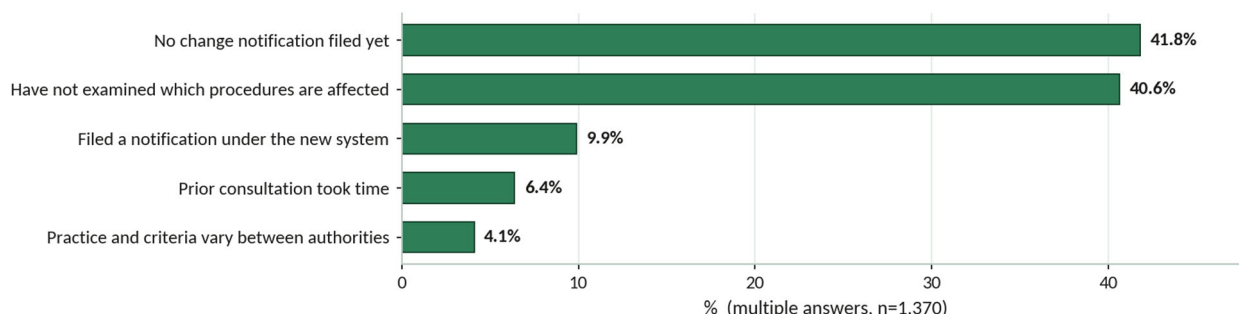


Figure 7 Effects of the move to notification-based change procedures (n=1,370)

The public disclosure website of the Public Interest Corporation Information system, by contrast, shows improvement (Figure 8). “Noticeably easier to use” has doubled from 7.4% to 14.9%, and “no great change from before” has fallen from 66.4% to 55.9%. Among all the questions on the reform, this is one of the few items to have improved clearly since the previous survey.

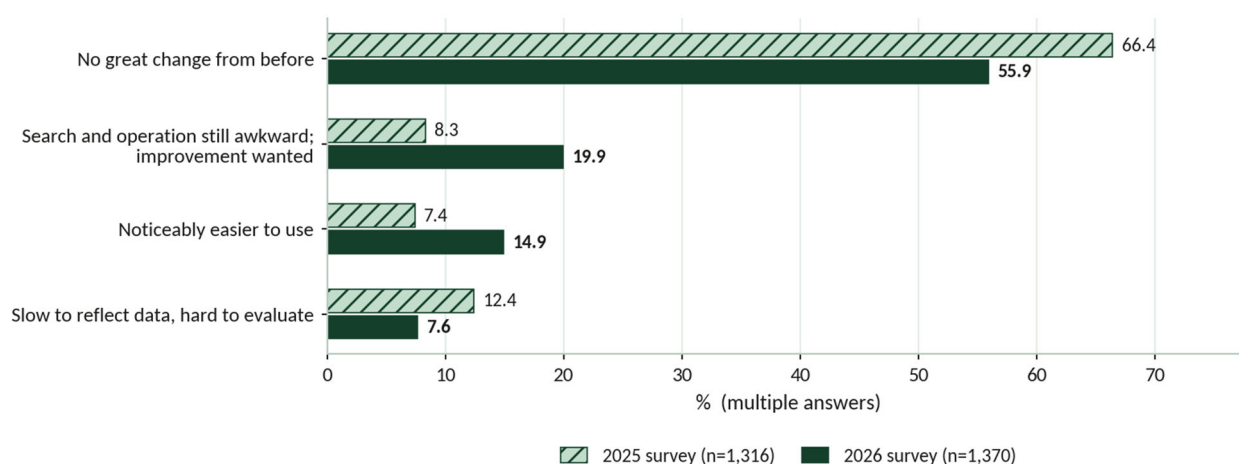


Figure 8 Usability of the disclosure website (2025 → 2026)

7. Governance

The burdens and difficulties of operating under the new governance regime are closely matched across three items: “continuous review and management of the articles and internal rules” (39.1%), “governance disclosure in the business report” (37.4%) and “finding people willing to serve as external directors and auditors” (37.2%). “No particular burden or difficulty” stands at 21.7%, nearly ten points below the 31.5% recorded last time. The work has moved from setting the structures up to running them continuously, and the burden has become more visible as a result.

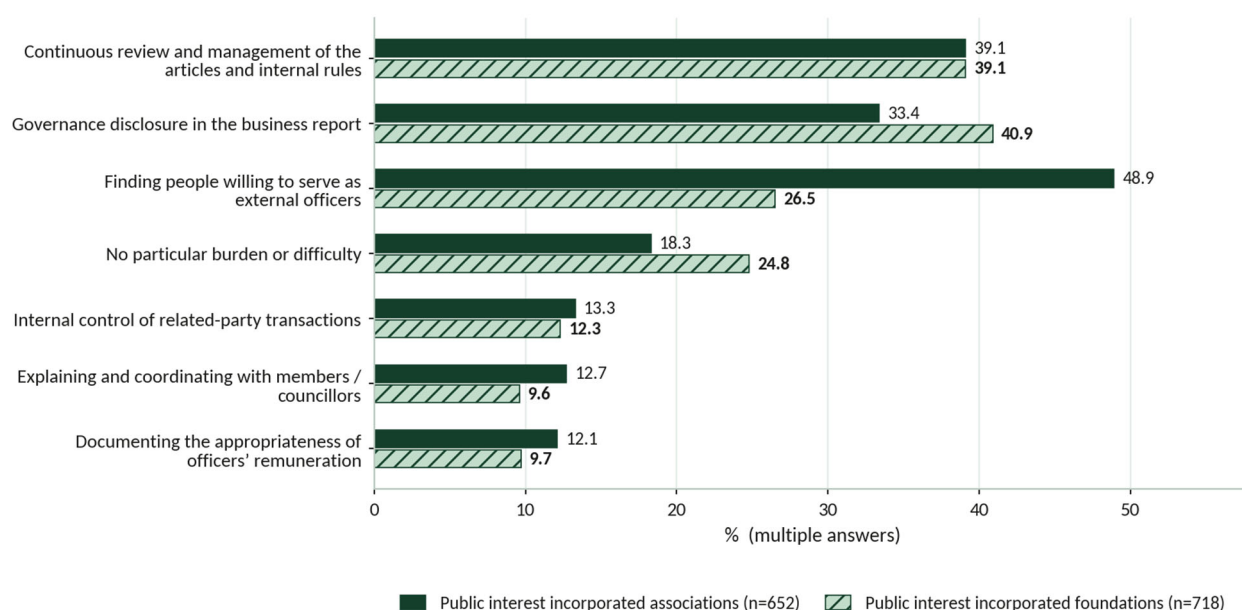


Figure 9 Burdens and difficulties under the new governance regime, by type of corporation

On finding external officers, associations and foundations differ by 22.4 percentage points.

The breakdown differs sharply by type of corporation (Figure 9). “Finding people willing to serve as external officers” runs at 48.9% among public interest incorporated associations against 26.5% among foundations, a gap of 22.4 points: almost half of associations struggle to find candidates. “Securing and retaining external directors is difficult” likewise runs at 23.6% for associations against 9.3% for foundations. Compared with a foundation, which has a board of councillors, an association must have its officers elected by the general meeting of members, and the constraint on the pool of candidates is correspondingly greater.

8. The value of public interest status, and views on taxation

The advantage of being a public interest corporation is dominated by “greater social credibility than a general corporation” at 76.4%, followed by “public interest activities are exempt from tax” at 56.4% (Figure 10). That social credibility rather than tax relief sits at the centre of the value is unchanged from previous years. “No particular advantage” is 5.4%, with a gap between small corporations (7.1%) and large ones (2.5%).

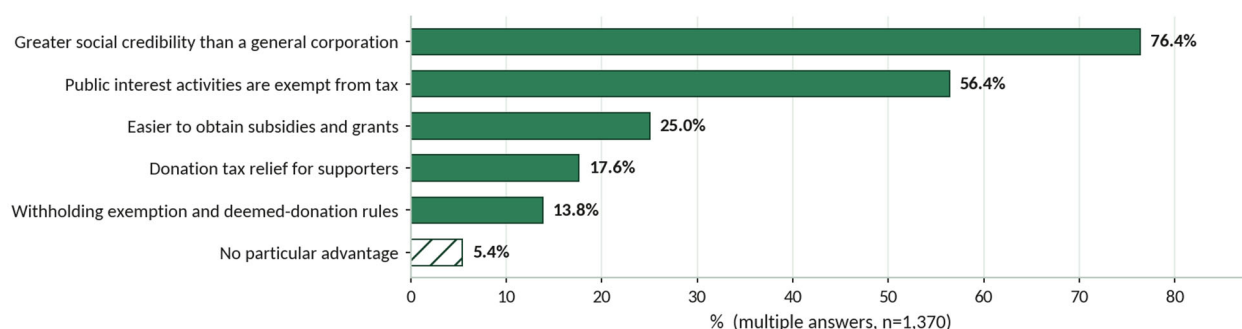


Figure 10 Advantages of being a public interest corporation (n=1,370)

On the difficulties, “the administrative burden of preparing and filing the annual documents” stands out at 70.1%, followed by “interpreting and complying with the law and the guidelines” at 49.3% (Figure 11). Even so, if they could choose their legal form again, 81.8% would choose public interest status and 14.3% a general corporation—the figure for “general corporation” being 16.5% among small corporations and 8.4% among large ones.

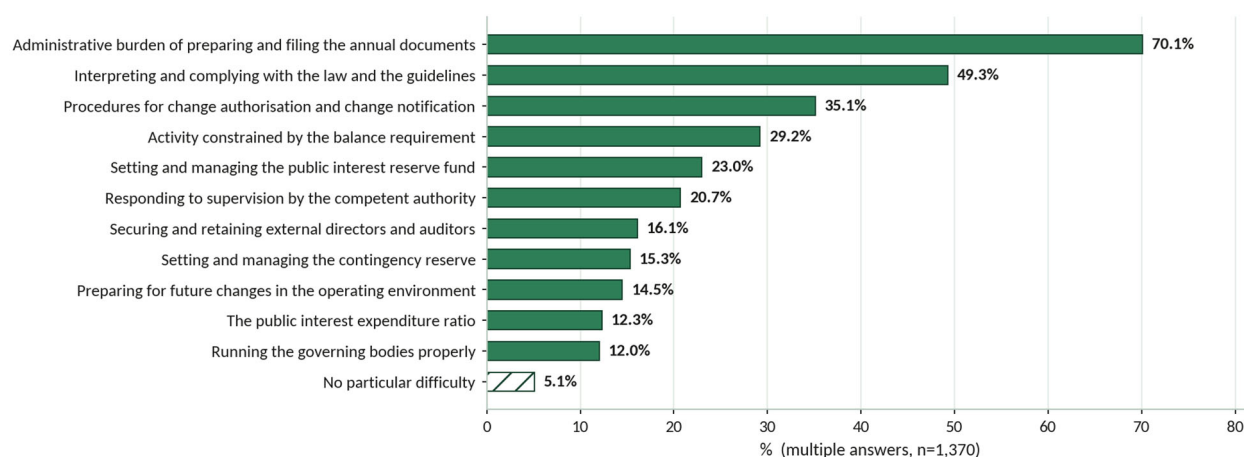


Figure 11 Difficulties of being a public interest corporation (n=1,370)

On the tax credit certificate, the gateway to donation tax relief, 26.5% have obtained one (including those preparing an application), 38.8% know of it but have not applied, and 30.9% do not know the scheme exists (Table 4). The share holding a certificate is higher among small corporations (31.8%) than large ones (17.7%)—an inverse relationship with size, presumably because the smaller corporations that depend on individual giving need it most. “Do not know the scheme” runs at 20.6% under Cabinet Office jurisdiction against 35.1% under prefectural jurisdiction; that more than a third of corporations are unaware of the scheme cannot be overlooked against the policy goal of cultivating a culture of giving.

Table 4 Status of the tax credit certificate, by attribute (%)

Attribute	n	Obtained (incl. in preparation)	Aware of it but not obtained	Not aware of the scheme
All respondents	1,370	26.5	38.8	30.9
Under ¥100m	720	31.8	32.8	31.9
¥100m – under ¥500m	447	21.9	43.8	31.3
¥500m or more	203	17.7	48.8	26.6
Cabinet Office jurisdiction	389	30.3	46.5	20.6
Prefectural jurisdiction	981	25.0	35.7	35.1

“Other” (3.8% overall) is excluded, so rows do not sum to 100%.

Classifying the free-text answers on the tax measures corporations would like to see (154 substantive answers), the invoice system dominates at 44.2%, most of those calls being for the transitional measures to be extended or made permanent (Figure 12). Consumption tax generally follows at 26.6%, donation tax relief at 17.5% and relief from fixed asset and local taxes at 16.2%.

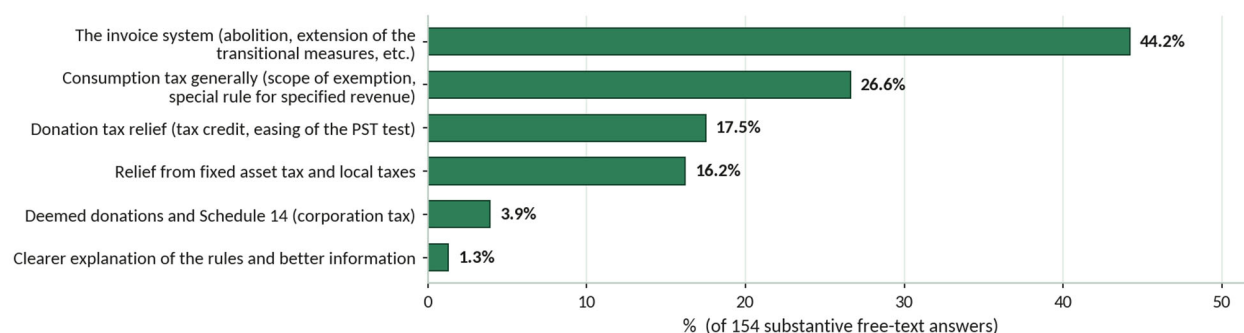


Figure 12 Tax measures corporations would like to see

Share of the 154 substantive free-text answers (237 answers in total).

A new issue has also come to light around the deductibility of deemed donations. Of the 445 corporations carrying on profit-making business, 107 (24.0%) transfer more than 50% of their profit to public interest activities because of a shortage of funds. Asked whether they had calculated how much of that transfer cannot be deducted under the formula in Schedule 14 of the corporation tax return—and therefore gives rise to unexpected taxable income—61.9% of the 134 who answered said they “have not yet run the numbers and do not know the effect”. A further 19.4% said they “have already encountered it and are struggling”, 9.7% that “the risk is very high”, and 5.2% that they “chose to transfer exactly 50% in order to avoid the tax”. A rule meant to encourage transfers may be acting as an incentive to hold them down; and since more than six in ten have not run the numbers, the issue may well become more visible from here.

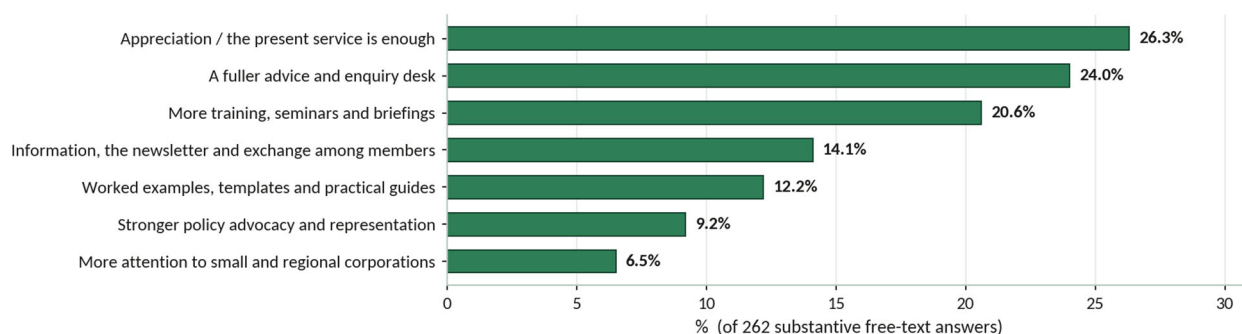


Figure 13 What corporations want from the Association

Share of the 262 substantive free-text answers (547 answers in total).

9. The support the field is asking for

The areas where further guidance and worked examples are felt to be needed are led by “account mapping and model notes under the new accounting standard” (60.2%), followed by “examples of reserve accumulation and release under the medium-term balance and public interest reserve fund rules” (43.1%) and “where the boundary of a minor change notification lies” (31.2%) (Figure 14).

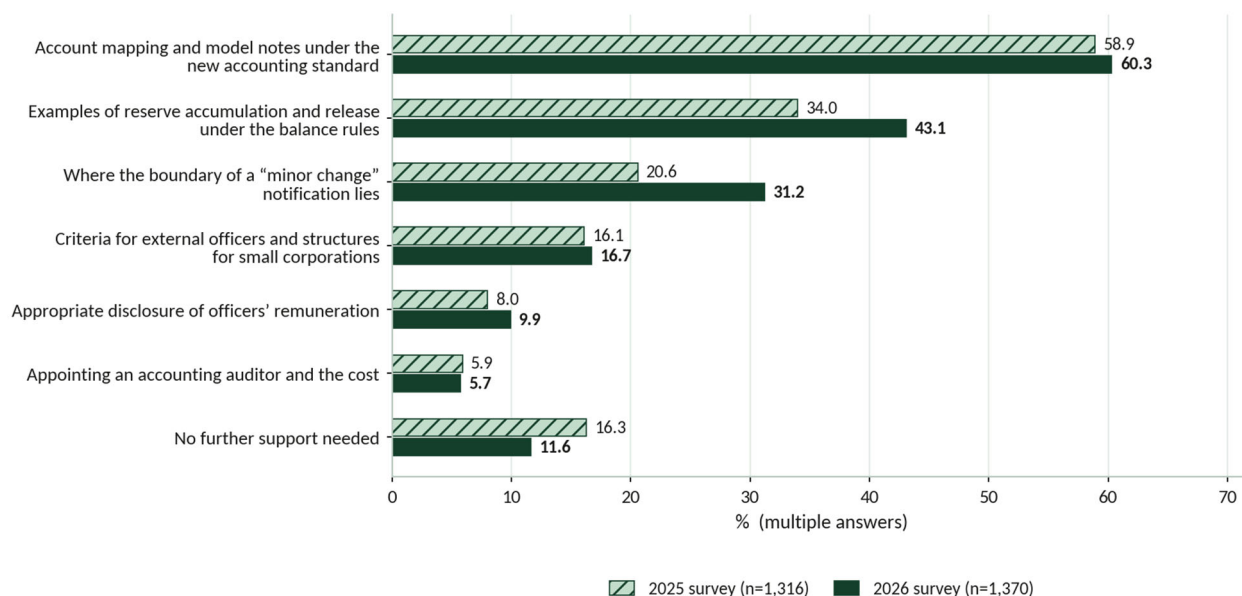


Figure 14 Areas where further guidance and worked examples are wanted (2025 → 2026)

Demand has grown in almost every area; “no further support needed” has fallen from 16.3% to 11.6%.

Compared with the previous survey, demand for support has grown in almost every area, most of all on the operation of financial discipline (34.0% → 43.1%) and on judging change notifications (20.6% → 31.2%). “No further support needed” has fallen from 16.3% to 11.6%. A year of operating the system has

made corporations ask for more support, and for support of a more concrete kind: of the 470 substantive free-text answers, 26.6% call for simpler statutory filings and administrative procedures.

On the reform of the charitable trust regime that takes effect in April 2026, 66.6% answer that they “have no interest at this stage” and 24.7% that they “do not understand it well enough”, so positive answers were limited. Among the 98 corporations that did express interest, however, the trustee functions mentioned were “managing and operating a grant or scholarship fund with a defined theme or target group” (40.8%) and “accepting public calls and selection work using existing expertise” (31.6%)—concrete answers that place the charitable trust on the same line as their existing grant-making work.

10. Concluding observations

These are the answers of 1,370 public interest corporations, given about a year and a half after the reform took effect, at the point where corporations have begun to operate it in concrete terms. We hope they offer a starting point for thinking about the policy agenda ahead. Four points can be drawn out.

First, assessment of the reform has moved from “wait and see” to “divergence”. “Neither positive nor negative” has fallen from 62.4% to 52.0% while “negative” has risen 2.7-fold. Corporations are beginning to judge on the basis of concrete experience.

Second, many of the measures presented as pillars of the reform have not yet reached the stage of being used. New accumulations in the public interest reserve fund stand at 6.5%, switching to the new forms at 9.6% and flexible programme management at 4.2%; most corporations are still at the earlier stage of grasping the purpose of a measure and working out whether it applies to them.

Third, the nature of the burden differs clearly by size and by type. Under the accounting standard, the burden on large corporations is one of volume of work, whereas for small corporations it is the interpretation of the forms themselves. In governance, the difficulty of finding external officers is concentrated among associations.

Fourth, information about the system reaches prefectural and small corporations less well. “Cannot see the whole picture” runs at 19.0% under Cabinet Office jurisdiction against 25.2% under prefectural jurisdiction, and “not aware” of the tax credit certificate at 20.6% against 35.1%—wide gaps in both cases.

None of this amounts to disillusionment with the system itself. Even if they could choose their legal form again, 81.8% would choose public interest status, and 76.4% cite social credibility as an advantage. Confidence in the system remains solid. That is precisely why support now needs to move from making the system known to making it usable. For its part the Association intends to play its own part through a fuller advisory service, practical guidance geared to the size of the corporation, and policy advocacy grounded in what the field reports.

Yoshiharu Shiraishi (Director, Department of Research)