

Sector Review 3

Survey of General Incorporated Associations and Foundations

— Why do they not seek public interest authorisation? —

September 28, 2026

1. About the survey

The 2025 reform of the public interest corporation system is usually discussed from the standpoint of public interest corporations themselves. Yet for general incorporated associations and general incorporated foundations that hold no authorisation (together, “general corporations”), the reform should equally have been an occasion to reconsider whether to aim for public interest status. Financial discipline was relaxed, administrative procedures were simplified and the authorisation requirements were clarified. General corporations number 88,674 associations and 7,924 foundations, 96,598 in all (National Tax Agency corporate number publication site, as at September 1, 2026)—roughly ten times the number of public interest corporations. A year and a half after the reform took effect, how do corporations on this scale view authorisation? That question frames the findings below.

The Association conducted a web survey of general corporations from August 3 to September 10, 2026 and obtained 797 valid responses (response rate 12.1%). Of these, 540 (67.8%) were general incorporated associations and 257 (32.2%) general incorporated foundations; 321 (40.3%) were corporations in transition still implementing a public interest expenditure plan, 309 (38.8%) had completed their plan and 167 (21.0%) fell into neither category (Table 1). By field, industry associations were the largest group at 214 (26.9%). The survey is the counterpart to the survey of public interest corporations run over the same period (1,370 valid responses), and figures from that survey are quoted where useful.

Table 1 Profile of responding corporations

Category	No.	%	Total income, FY2025	No.	%
General incorporated association	540	67.8	Under ¥10m	120	15.1
General incorporated foundation	257	32.2	¥10m – under ¥50m	265	33.2
In transition (plan under way)	321	40.3	¥50m – under ¥100m	111	13.9
Plan completed	309	38.8	¥100m – under ¥500m	199	25.0
Other general corporations	167	21.0	¥500m – under ¥1bn	55	6.9
Non-profit-type corporation	314	39.4	¥1bn or more	47	5.9
Mutual-benefit-type corporation	116	14.6	(ref.) Industry associations	214	26.9
Ordinary corporation	367	46.0	(ref.) Kanto region	292	36.6

Note: in the left column the first block is legal form, the second the stage reached under the public interest expenditure plan and the third the classification under the Corporation Tax Act. The right column shows total income (ordinary revenue) for FY2025 by size, with two reference lines below. Percentages are shares of the 797 valid responses.

2. Choosing the legal form again

Asked which legal form they would choose if they could choose afresh, 84.9% answered “a general corporation after all”. Only 6.1% would choose public interest status. Put the same question to public interest corporations and 81.8% answer “a public interest corporation after all”: on both sides of the

two-tier structure, corporations are re-electing the place they already occupy. The ratio barely moves with any attribute. The one exception is the classification under the Corporation Tax Act: the share choosing public interest status is 10.3% among the 116 mutual-benefit-type corporations, 7.0% among the 314 non-profit-type corporations and 4.1% among the 367 ordinary corporations.

3. Intention to seek public interest authorisation

Do corporations intend to seek authorisation in the light of the reform (Figure 1)? Combining “have decided to seek it” (0.3%) with “actively considering it” (0.8%), positive answers come to just 1.1%—nine corporations. A further 10.5% are “interested, but find it difficult given constraints on staff and administrative capacity”. Against that, 50.9%—more than half—“see no benefit in authorisation and do not intend to seek it”, and 27.4% “cannot judge, not being familiar with the content of the reform”. Authorisation is less a matter of being considered and set aside than of never reaching the agenda at all.

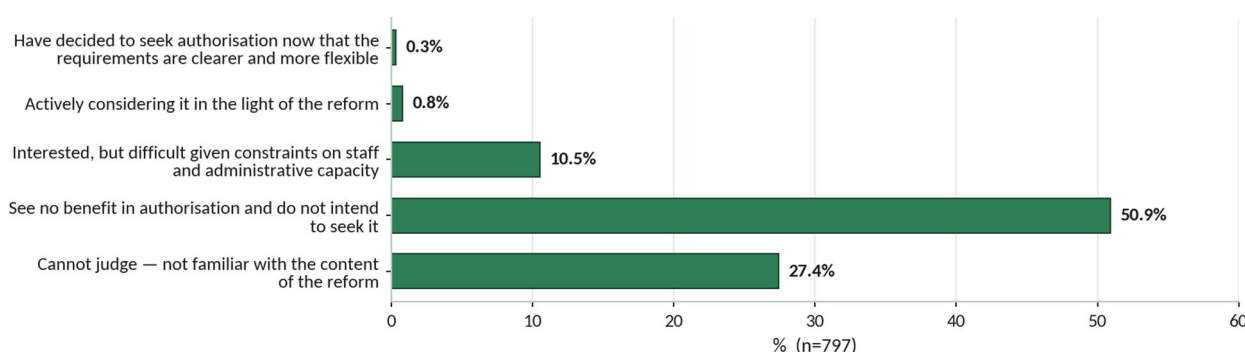


Figure 1 Intention to seek public interest authorisation

The picture divides by size of income (Figure 2). “See no benefit” rises from 46.6% among small corporations to 61.8% among large ones, while “cannot judge” falls from 31.3% to 16.7%. Large corporations understand the system and decline it; small corporations are not yet in a position to decide. The same answer—“we are not aiming for it”—therefore carries quite different content: the first raises a question about the design of the system itself, the second a problem of information failing to reach its audience.

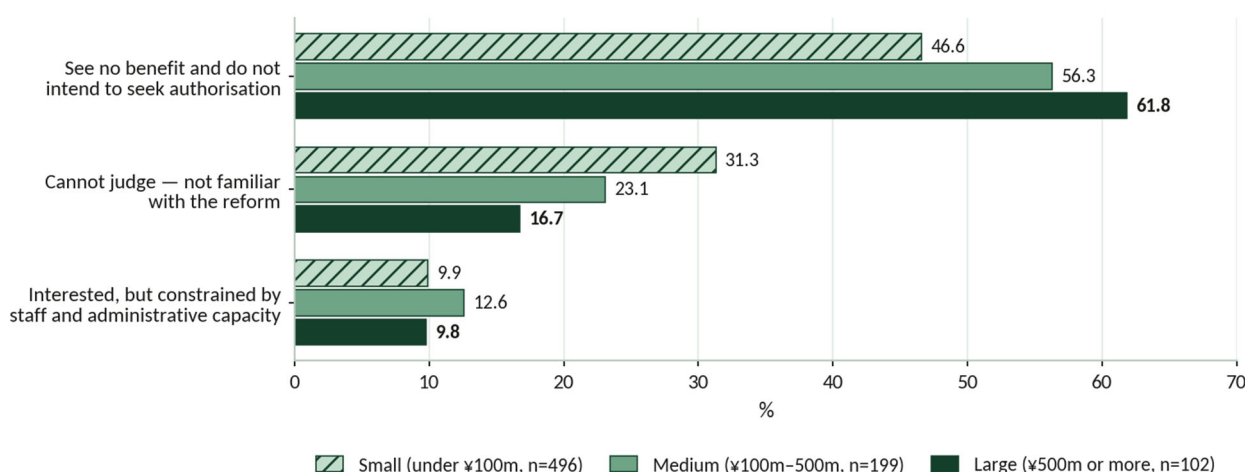


Figure 2 Intention to seek authorisation, by size of income (%)

4. Why not become a public interest corporation?

Corporations that would not choose public interest status were asked why they do not wish to make the transition (Figure 3). The most common answer, at 51.6%, is “we want to carry out public interest activities freely and flexibly”: the reason lies not in any particular regulation but in autonomy itself. Next

come the burden of preparing the annual statutory filings (35.8%), the public interest expenditure ratio (29.7%), the burden of supervision by the competent authority (22.7%) and the burden of change-authorisation and change-notification procedures (17.7%). The medium-term balance requirement, the centrepiece of the 2025 reform, was cited by 15.1%, and the unrestricted-use asset rule by 7.2%.

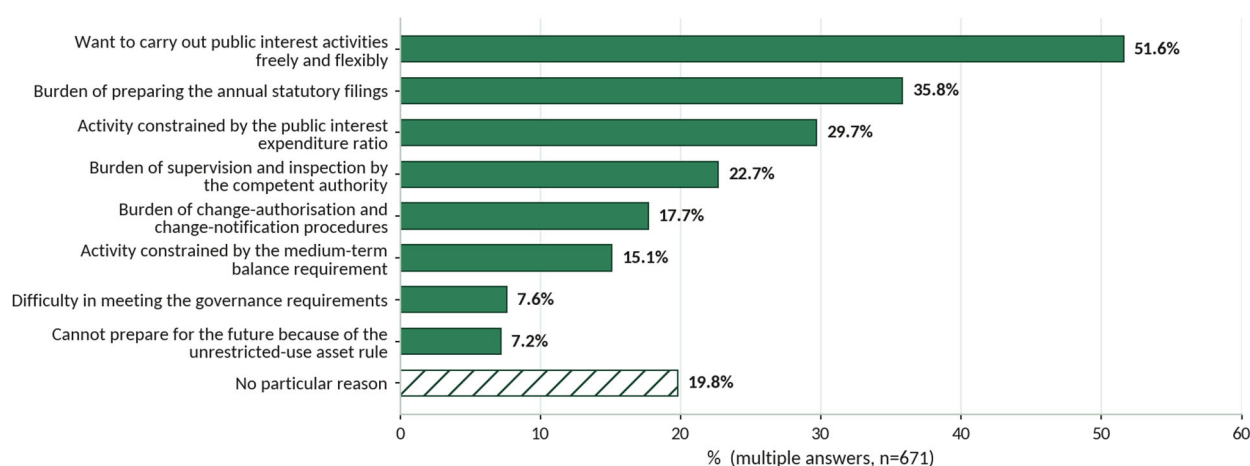


Figure 3 Reasons for not wishing to become a public interest corporation

The content of those reasons varies sharply by size (Figure 4). Items bearing on financial discipline weigh more heavily the larger the corporation: the public interest expenditure ratio is cited by 24.1% of small corporations against 45.7% of large ones, and the medium-term balance requirement by 10.9% against 30.9%. The burden of the annual filings, by contrast, is almost flat—35.0% for small corporations, 33.0% for large—and “freely and flexibly” is level too, at 50.9% against 53.2%. Administrative burden and autonomy are barriers common to every size; financial discipline is a barrier that grows with size.

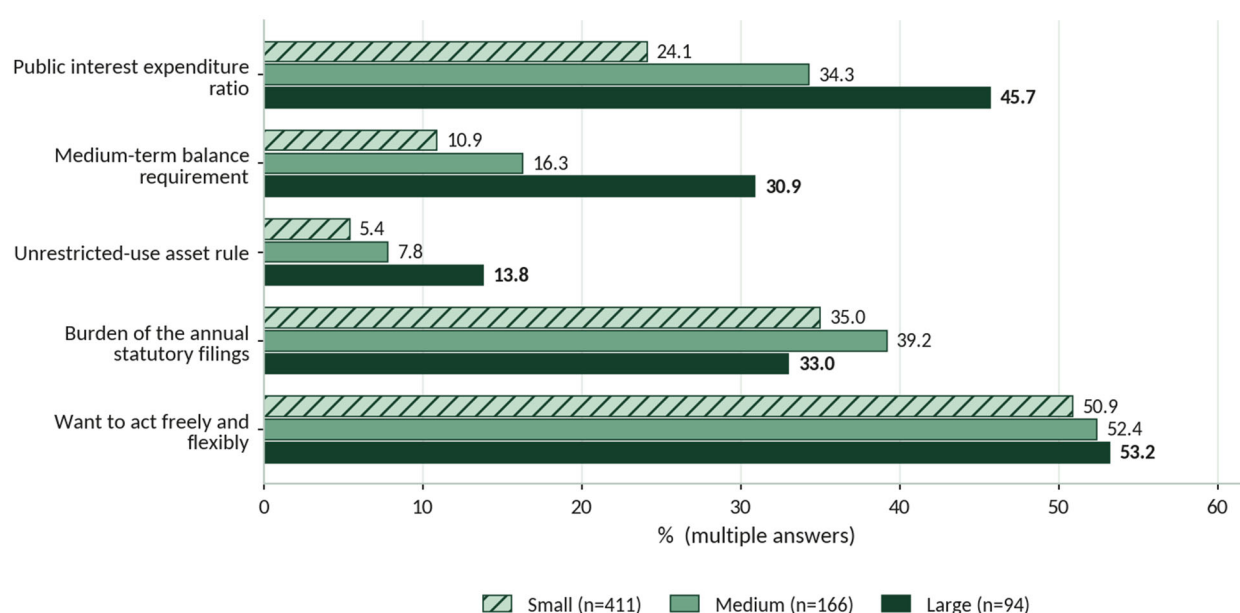


Figure 4 Reasons for not wishing to make the transition, by size of income (multiple answers, %)

That the relaxation of financial discipline was the centrepiece of the 2025 reform makes this result the more striking: among the large corporations that should have gained most from it, the public interest expenditure ratio (45.7%) and the medium-term balance requirement (30.9%) remain principal reasons for staying put. Since a lack of familiarity with the system is unlikely to explain the answers of this group, the relaxation has evidently not yet shifted the decision to make the transition. “Freely and flexibly” is cited by 60.0% of mutual-benefit-type corporations, 54.2% of non-profit-type corporations and 46.8% of

ordinary corporations, and among ordinary corporations the most common answer of all is “no particular reason” (24.7%).

5. The advantages of being a general corporation

Turning the question round, what do corporations regard as the advantages of being a general corporation (Figure 5)? “Free of supervision, so able to concentrate on the work itself” leads at 35.8%, followed by “no annual statutory filings” (28.7%), “no public interest expenditure ratio to meet” (24.8%) and “corporation tax only on profit-making business” (21.8%). Freedom from supervision and from administrative burden is the core of the value. Yet 27.1% answer “no particular advantage”—against only 5.4% giving the equivalent answer on the public interest side. Where the public interest corporation’s chief advantage, “greater social credibility” (76.4%), is a benefit that can be shown to the outside world, the general corporation’s advantages consist in what is **not** imposed—supervision, reporting duties, an expenditure ratio—and are by their nature hard to articulate as an external value.

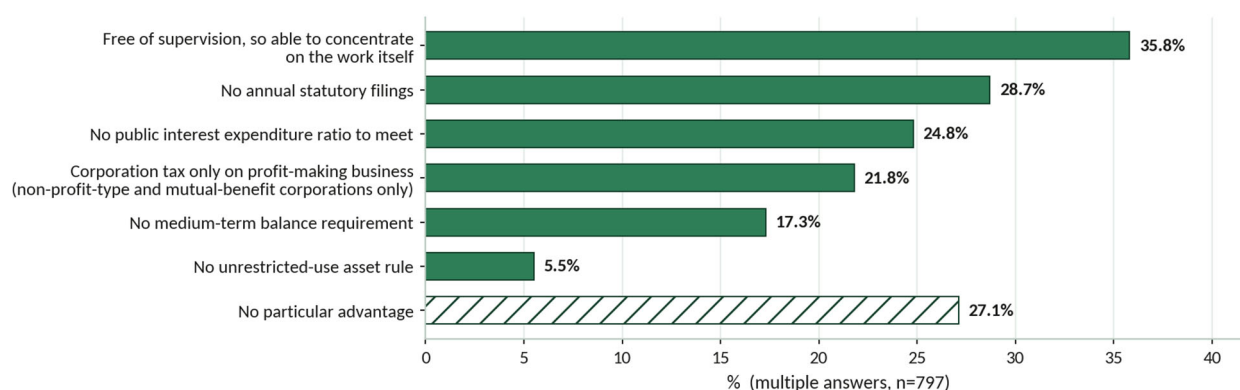


Figure 5 Advantages of being a general corporation

Table 2 Advantages of being a general corporation, by Corporation Tax Act classification (%)

Classification	n	Free of supervision	No annual filings	Tax only on profit-making business	No particular advantage
All respondents	797	35.8	28.7	21.8	27.1
Ordinary corporations	367	32.7	25.3	10.1	36.2
Non-profit-type	314	38.9	32.8	28.0	18.2
Mutual-benefit-type	116	37.1	28.4	42.2	22.4

Note: multiple answers. “Tax only on profit-making business” is an option open only to non-profit-type and mutual-benefit-type corporations.

The content of the advantage differs sharply by tax classification (Table 2). “Tax only on profit-making business” is cited by 42.2% of mutual-benefit-type corporations and 28.0% of non-profit-type corporations. Ordinary corporations, taxed on all income, scarcely cite it (10.1%), so the tax advantage is confined to the non-profit types. The result is a twofold gap in “no particular advantage”: 36.2% among ordinary corporations against 18.2% among non-profit-type ones. For an ordinary corporation with no tax advantage, being a general corporation is less a state chosen than a state arrived at.

6. Corporations in transition: an intermediate state

How keenly the advantages are felt divides further by legal situation. “Free of supervision, so able to concentrate on the work itself” is cited by only 24.9% of corporations still implementing a public interest expenditure plan, against 46.0% of those that have completed one; “no annual statutory filings” runs at 17.1% against 38.8%. The advantages of being a general corporation become real only once the expenditure plan is behind you.

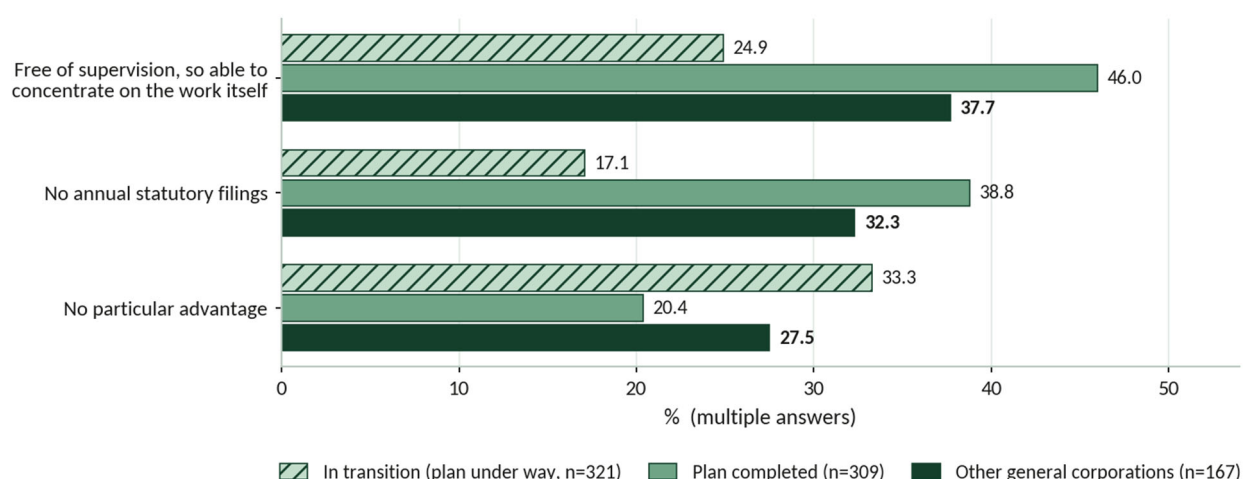


Figure 6 Advantages of being a general corporation, by legal situation (multiple answers, %)

The same fault line appears in the difficulties reported. Overall, 47.7%—close to half—answer “none in particular”, but the figure is 26.5% for corporations in transition against 59.9% for those that have completed their plan and 65.9% for other general corporations. The second most common answer overall, “reporting duties and supervision by the competent authority continue until the public interest expenditure plan is complete” (28.6%), rises to 63.6% among corporations in transition. Asked to name the greatest difficulty in carrying out the plan, 144 of them (46.3%) chose “it is financially hard to spend the planned amount—that is, to keep running a deficit”. Free-text answers include “because we hold land, the plan will not finish for decades” and “rising personnel costs and inflation have pushed expenditure above the plan’s original estimate, and funds are now well short”. Supervision and reporting continue while the benefits of public interest status are absent: four in ten respondents are in this intermediate state.

Setting the plan to one side, the leading difficulties are “the burden of taxation” (12.5%) and “nowhere to turn for advice” (9.2%). Notably, only 7.4% feel that “our social credibility is lower than a public interest corporation’s”. Where public interest corporations cite “greater social credibility than a general corporation” as their single greatest advantage (76.4%), very few general corporations actually feel any deficit of credibility. The value of authorisation is visible chiefly from the authorised side of the line.

7. Concluding observations

The 2025 reform was meant to make public interest authorisation easier to choose. The answers of 797 general corporations invite us to ask how far that premise holds. Four points emerge.

First, general corporations are actively re-electing general corporation status. 84.9% would choose it again, and only 1.1% are actively considering authorisation. Second, “not aiming for authorisation” covers two quite different things. “See no benefit” (50.9%) is commoner the larger the corporation (61.8%), while “cannot judge” (27.4%) is commoner the smaller it is (31.3%). A choice made in full knowledge and an absence of the material on which to choose call for entirely different policy responses.

Third, the central reason for not choosing public interest status is autonomy rather than the content of any particular regulation. “Freely and flexibly” leads at 51.6%, with administrative burden (35.8%) next. Reasons relating to financial discipline grow stronger with size; administrative burden and autonomy are felt at every size. Fourth, corporations in transition occupy an intermediate state created by the system itself. Among them—four in ten respondents—only 26.5% report no particular difficulty (against 59.9% of those that have completed their plan), and 46.3% say that sustaining the required deficit is financially hard.

General corporations are not a reserve army for the public interest corporation system. They have chosen this legal form as the vehicle suited to their own work, and they are choosing to stay. On that premise, the policy question is not “how can we increase the number of authorisations?” but “is the information and support that corporations need reaching both those that choose authorisation and those that do not?”. That more than a quarter of corporations have not absorbed the content of the reform, that the absence of anyone to consult leaves practitioners isolated, and that corporations in transition are left holding long-running plans all bear directly on that question.

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