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 reflects a year of operating the new system. 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

The system is currently within the three-year transitional period that follows the reform. In the overall assessment of the reform, 52.0% answer “neither positive nor negative” and 23.4% “cannot see the whole picture”—75.4% when the two are taken together (Figure 1). Roughly three corporations in four are, for now, either reserving judgement or still building the overall understanding on which a judgement would rest. Assessment of the system, in other words, has yet to settle.

Corporations expressing a clear view account for 22.3%: 7.7% “positive” and 14.6% “negative”. Compared with the previous survey (12.5% and 5.5% respectively), “negative” has increased, suggesting that, now that the system is in operation, some corporations have become aware of specific problems. Even so, the

overall pattern—in which those reserving judgement or still building their understanding form the great majority—has not changed greatly from last time (81.2%).

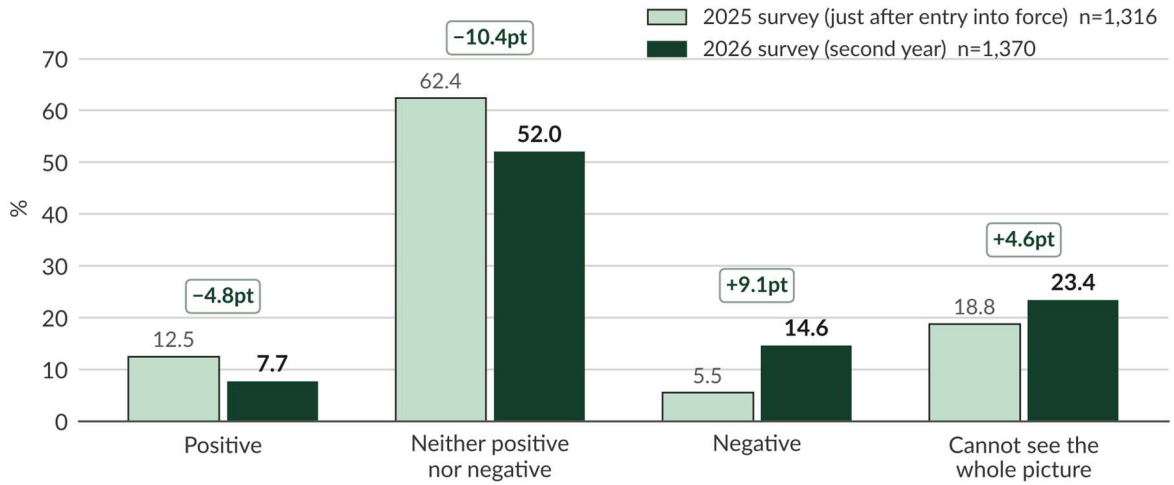


Figure 1 Overall assessment of the reform (2025 → 2026)

"Cannot see the whole picture" has also risen, from 18.8% to 23.4%. Making the system known and understood remains a major task.

By attribute (Table 2), "cannot see the whole picture" is higher the smaller the corporation (27.8% under ¥100m against 14.3% at ¥500m or more), and higher under prefectural jurisdiction (25.2%) than under Cabinet Office jurisdiction (19.0%). "Negative" ranges from 13.6% to 18.2%, so the difference by size is relatively small. In every group "neither" accounts for around half: the absence of a settled view is common to corporations of every size and under both types of authority.

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

Note: "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.

The sharpest contrast is the public interest reserve fund: 6.5% have begun a new accumulation, while 48.8% answer that they are "still considering its content and have not yet used it". For the new application forms, 9.6% have switched and 36.3% answer that they "cannot grasp the purpose", so these too are still at the stage of consideration. Flexible programme management has been used by 4.2%.

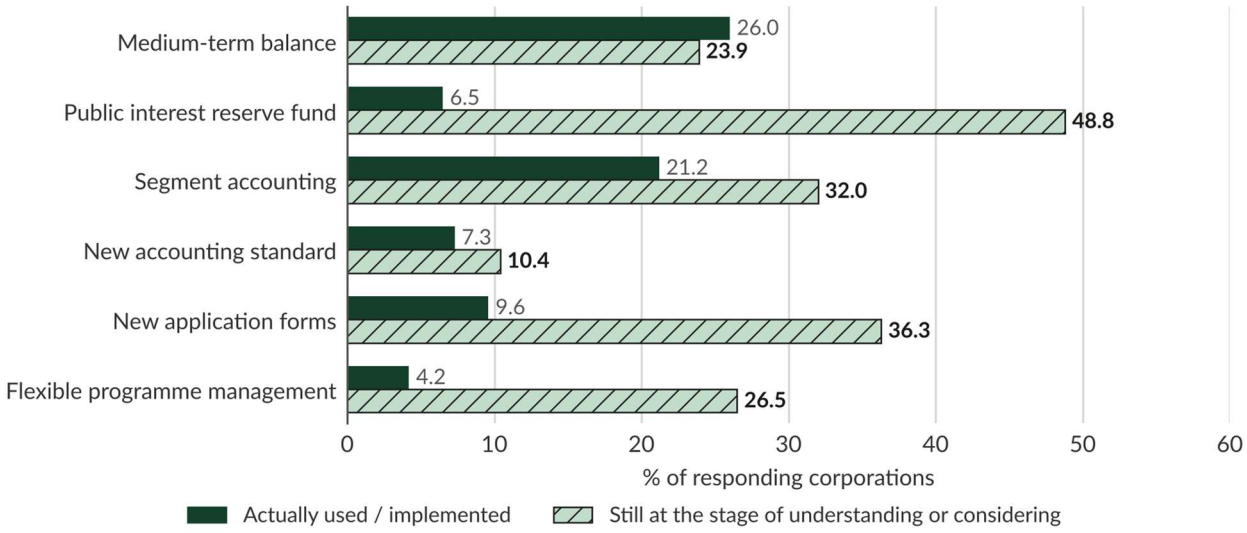


Figure 2 Take-up of the measures introduced by the reform

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

For the medium-term balance requirement, by contrast, the corporations answering that "we worry less about the balance of any single year, and the psychological burden has eased" (26.0%) slightly outnumber those answering that "we are not yet fully familiar with the content of the system or the method of calculation" (23.9%), which suggests that this is 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%—in both cases higher the larger the corporation. Conversely, answers indicating that a corporation is still at the stage of understanding or consideration are most frequent 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: still considering, not yet used	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

Note: 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, which keeps first place at 38.0%. Among the fields felt to be "hard to handle / burdensome", adapting to the revised accounting standard has risen from 50.1% to 64.2% (Figure 3). The relaxation and clarification of financial discipline has also risen, from 15.2% to 21.5%: financial discipline is at once useful and hard to

operate. By contrast, "improved governance and transparency" has fallen from 20.3% to 15.3%, which suggests that the work of meeting the new obligation to appoint external officers has largely run its course.

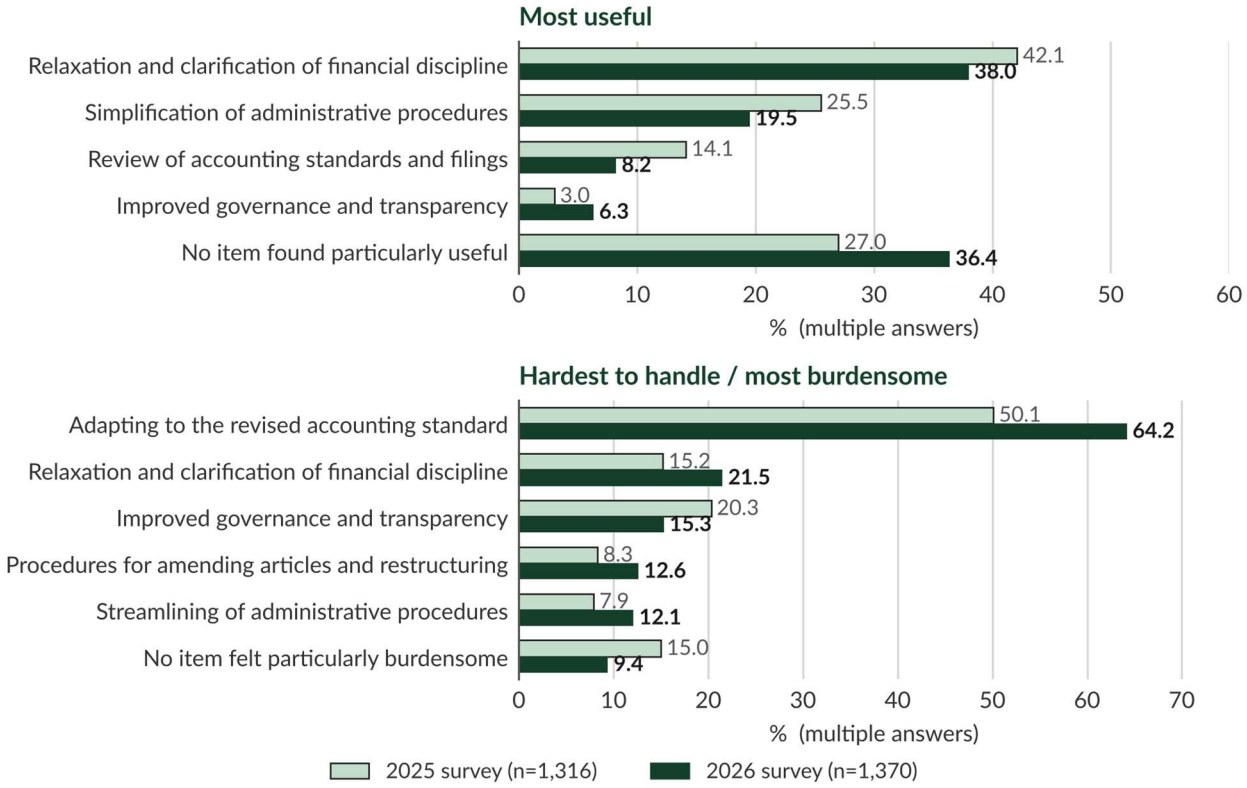


Figure 3 Fields felt to be "most useful" and "hardest to handle / most burdensome"

5. Adapting to the new accounting standard

We now look more closely at how corporations are adapting to the accounting standard, where the burden is concentrated. 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%). The move has been completed by 7.3%, while 10.4% "have not grasped the content of the revision".

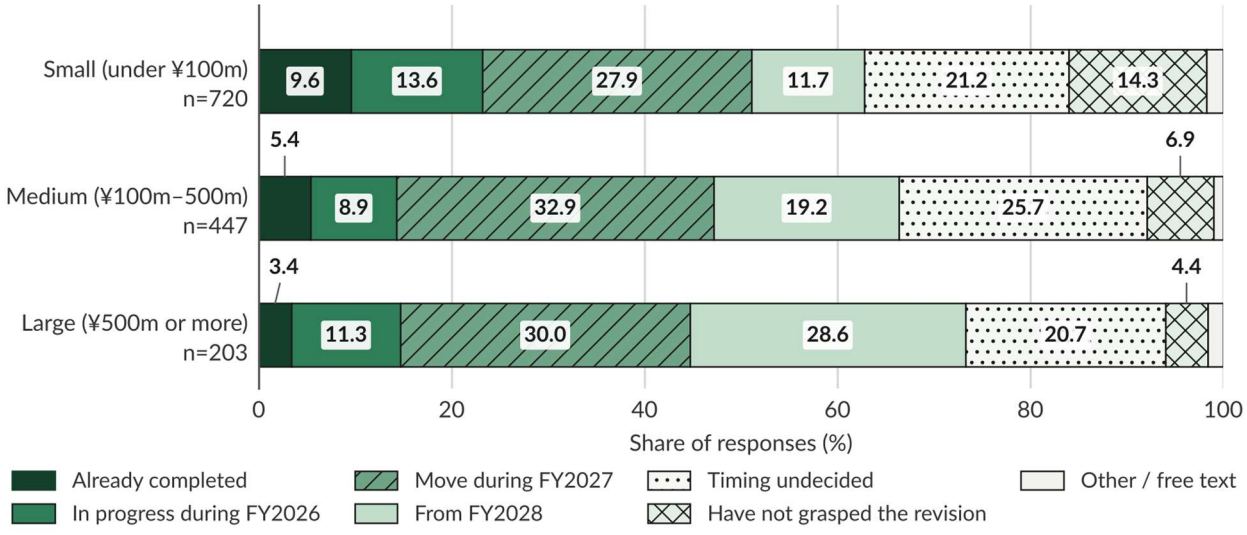


Figure 4 Timing of the move to the FY2024 accounting standard, by size of income

By size the picture is contrasting (Figure 4). Completion is highest among corporations under ¥100m, at 9.6%, against 3.4% at ¥500m or more. Conversely, "from FY2028" runs at 28.6% among large corporations

against 11.7% among small ones. Small corporations are not uniformly ahead, however: "have not grasped the content of the revision" is 14.3% among them against 4.4% among large corporations, so that the undecided group—those with the timing undecided plus those who have not grasped the revision—amounts to 35.6% for small corporations and 25.1% for large ones. Small corporations are divided between those that completed the move early and those that have not yet grasped its content.

The burdens felt also differ in content by size (Figure 5). The burden of preparing 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 higher the larger the corporation. Yet "the new forms are hard to interpret" alone runs the other way, at 46.1% against 37.4%. For large corporations the burden lies mainly in the volume of work; for small ones it lies in understanding the forms themselves. A shortage of accounting staff reaches about 48% irrespective of size, and 6.4% say they are "coping smoothly".

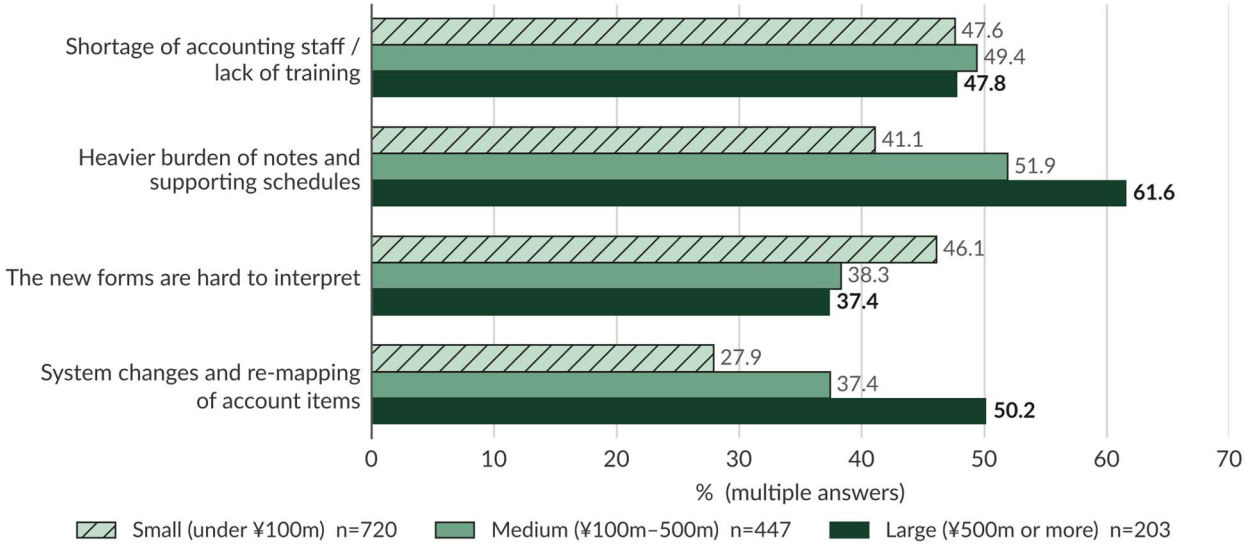


Figure 5 Burdens felt in introducing the new accounting standard, by size of income

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%); 1.5% report that no document was particularly burdensome (Figure 6).

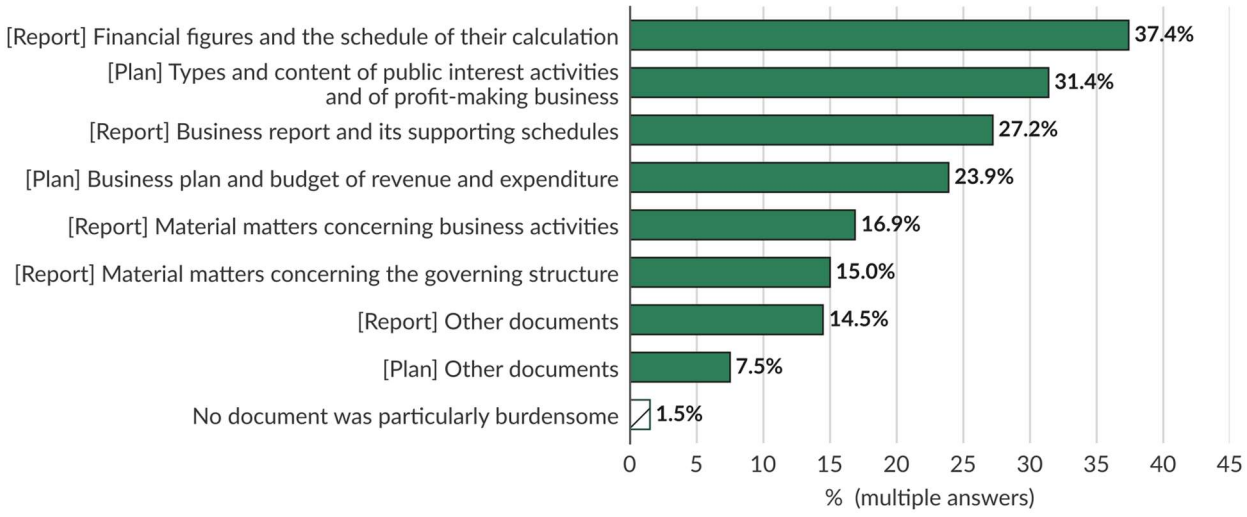


Figure 6 Statutory filings that proved most burdensome in practice

[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

On the move to notification for changes, 41.8% have not yet filed a change notification and 40.6% "have not examined it, so do not know": more than eight in ten corporations are not yet in a position to assess the effect of the reform (Figure 7). Notifications under the new system have been filed by 9.9%. "Practice and criteria vary between authorities" was cited by 4.1%, with prefectural corporations (4.9%) above Cabinet Office ones (2.1%).

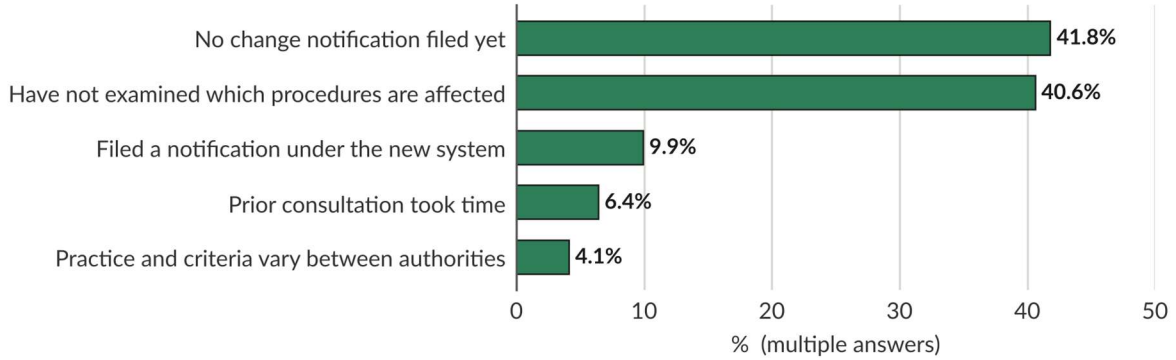


Figure 7 Effects of the move to notification-based change procedures (n=1,370)

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. As the work has moved from setting the structures up to running them continuously, corporations appear to have become aware of specific issues.

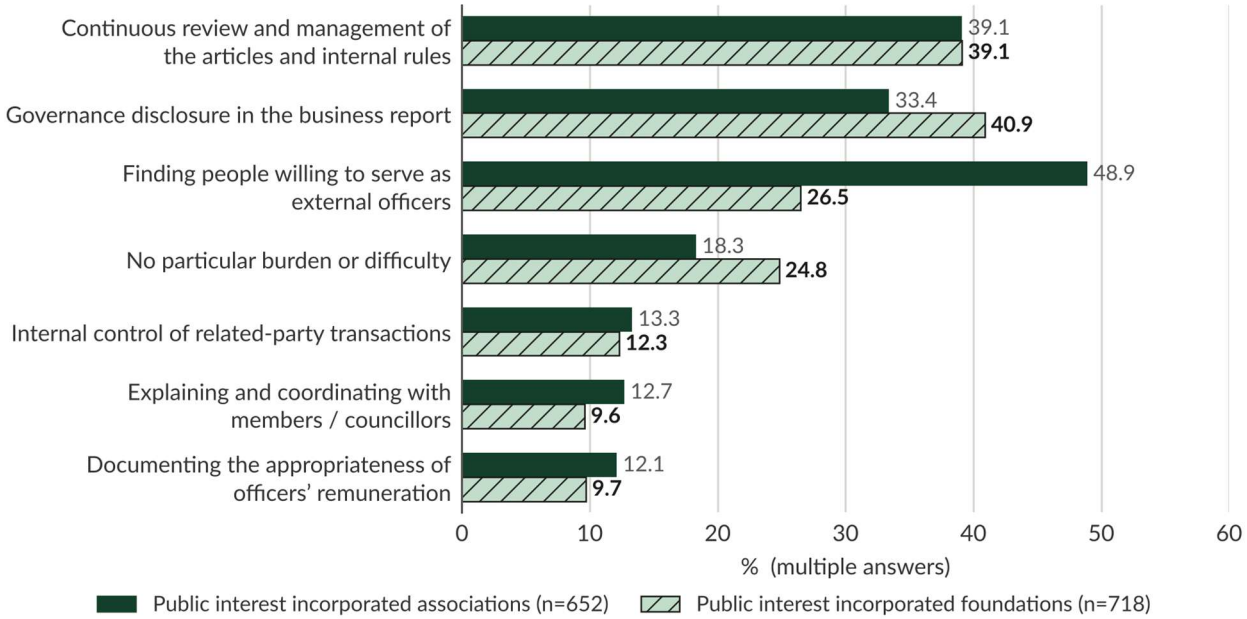


Figure 8 Burdens and difficulties under the new governance regime, by type of corporation

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

The breakdown differs sharply by type of corporation (Figure 8). "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 regard finding candidates as an issue. "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 finding candidates appears 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 9). 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%).

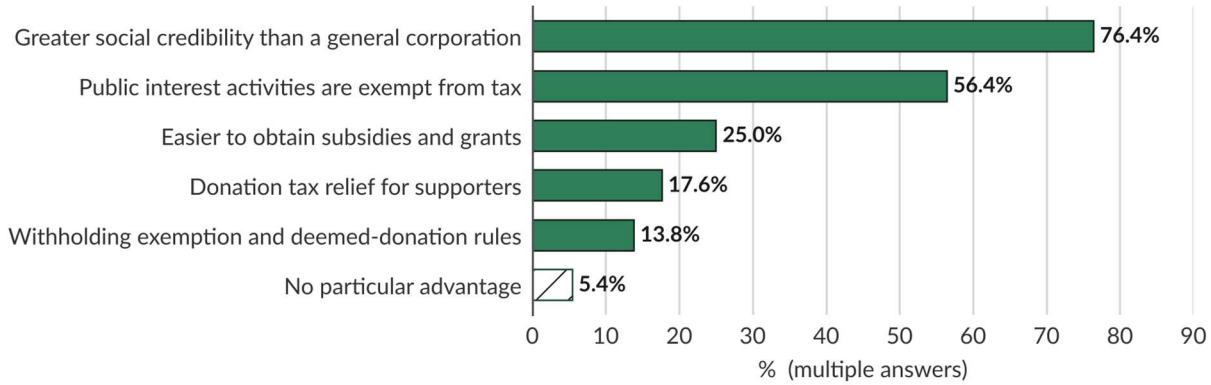


Figure 9 Advantages of being a public interest corporation (n=1,370)

Among the issues corporations face, "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 10). 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.

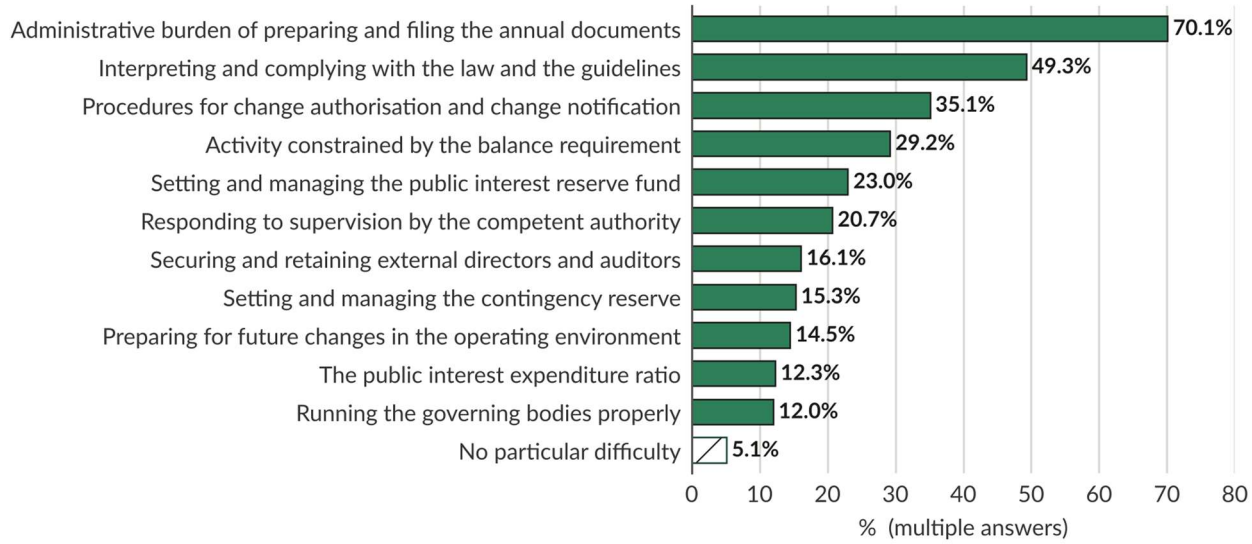


Figure 10 Issues faced as a public interest corporation (n=1,370)

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 obtained one, and 30.9% do not know the scheme exists (Table 4). The share that have obtained a certificate is higher among small corporations (31.8%) than among large ones (17.7%), and rises as size falls—presumably because the smaller corporations that depend on individual giving need it most.

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

Note: "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 is the most frequent at 44.2%, most of those calls being for the transitional measures to be extended or made permanent (Figure 11). Consumption tax generally follows at 26.6%, donation tax relief at 17.5% and relief from local taxes at 16.2%.

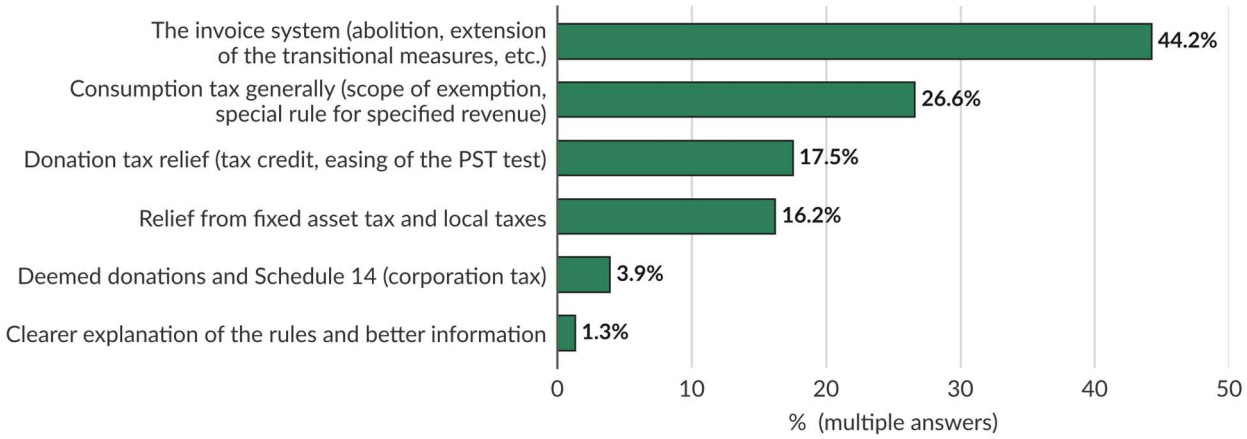


Figure 11 Tax measures corporations would like to see

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

A new issue has also come to light concerning 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 or for similar reasons. Asked whether the formula in Schedule 14 of the corporation tax return prevents them from deducting the full amount transferred, and so 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". On the other hand, 19.4% said it "has already arisen and we are struggling to deal with it", 9.7% that "the risk of it arising is very high", and 5.2% that they "chose to transfer exactly 50%" in order to avoid the tax. A rule intended to encourage transfers may be influencing decisions on how much to transfer. And since more than six in ten have not yet run the numbers, the effect may become clearer from here.

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" at 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 12).

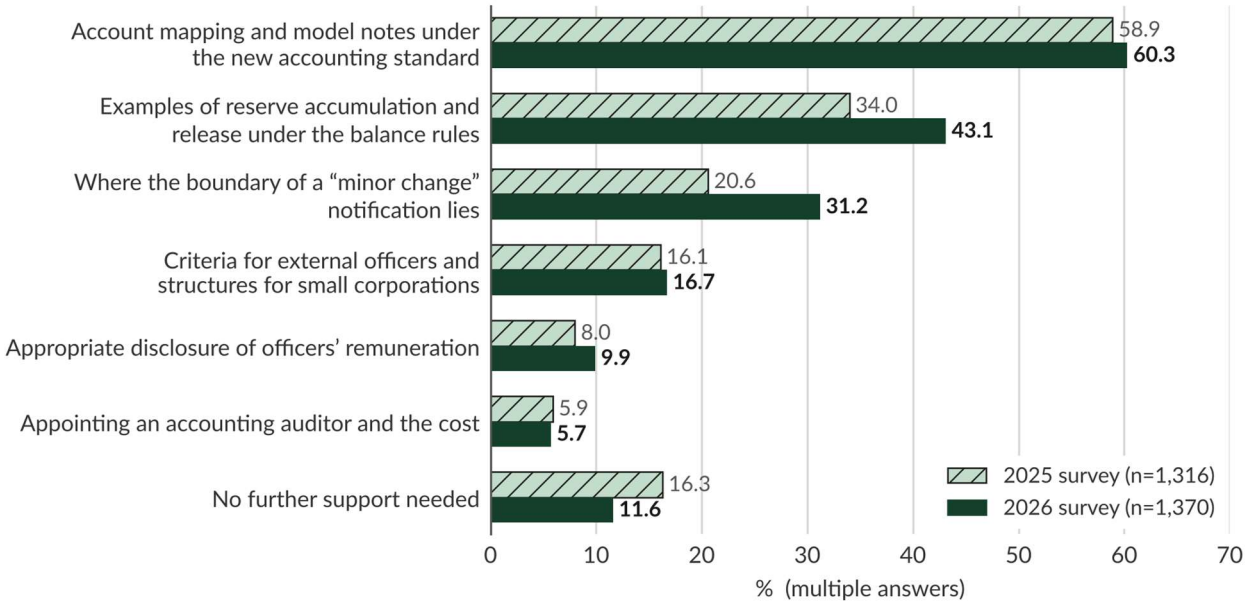


Figure 12 Areas where further guidance and worked examples are wanted (2025 → 2026)

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%. After a year of operating the system, corporations have come to ask for more support, and for support of a more concrete kind. In the free-text answers, too, 26.6% of the 470 substantive answers call for simpler statutory filings and administrative procedures.

On the reformed charitable trust regime, which took 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". Among the 98 corporations that did express interest, however, the trustee functions mentioned were concrete—"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%)—showing that corporations with established grant-making and scholarship operations see the charitable trust as an extension of that work.

10. Concluding observations

This survey is based on 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 the system in concrete terms. We hope it offers a starting point for thinking about the policy agenda ahead. The results can be summarised in four points.

First, assessment of the reform is still at the stage of reserved judgement and incomplete understanding. "Neither positive nor negative" (52.0%) and "cannot see the whole picture" (23.4%) together account for 75.4%. Among corporations expressing a clear view, "negative" (14.6%) exceeds "positive" (7.7%) and has increased since the previous survey. How assessments settle as the system is operated through the transitional period will need continued attention.

Second, many of the measures introduced by the reform are still at the stage of being considered for use. New accumulations in the public interest reserve fund stand at 6.5%, switching to the new forms at 9.6% and use of flexible programme management at 4.2%; many corporations are still working out the purpose of each measure and how 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 lies mainly in the volume of work, whereas for small corporations the

interpretation of the forms themselves is the obstacle. 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 at 27.8% under ¥100m against 14.3% at ¥500m or more; “not aware” of the tax credit certificate runs at 20.6% under Cabinet Office jurisdiction against 35.1% under prefectural jurisdiction—wide gaps in every case.

At the same time, 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 public interest corporation system remains solid. That is precisely why support now needs to shift its focus from making the system known to making it usable. For its part, the Association intends to play its role through a fuller advisory service and policy advocacy grounded in what the field reports.

Yoshiharu Shiraishi (Director, Department of Research)