



Civil Society Monitor

Japan Center for International Exchange

No. 4 April 1998

New NPO Law Fosters Enabling Environment

THE NPO BILL that the *Civil Society Monitor* has followed since its inaugural issue in fall 1996 finally became law on March 19, 1998, and was promulgated on March 25, 1998, as Law No. 7 of 1998. The Law is likely to take effect some time between October 1998 and January 1999. The bill's passage

through the Diet can be regarded as historic both because of the legislative process and because of its having been passed unanimously by all the political parties.

Impact on Civil Society Development

The new legislation will substantially simplify the incorporation process of non-profit and nongovernmental organizations (NPOs and NGOs). Normally, the incorporation process for NPOs under Article 34 of the Civil Code requires approval by "competent authorities," namely, government agencies with jurisdiction over the area of activities of the NPO in question. Approval is given at the discretion of the competent authorities without regard to objective criteria, and no application is accepted unless the proposed corporation has approximately ¥300 million (approximately \$3 million) in assets. The cumbersome application process can easily take one year.

Under the new legislation, NPOs can be incorporated without the approval process, and the governor of the prefecture where the proposed corporations are located (or the Economic Planning Agency in the case of NPOs with offices in at least two prefectures) is required to authenticate establishment of such organizations

if they conform with the provisions set forth in the new legislation. The incorporation process will be much quicker under the new legislation because the granting authorities must decide on the certification within two months immediately succeeding the two-month period of public announcement. There is no requirement in the incorporation process for the holding of assets.

It is estimated that some 10,000 NPOs will apply for incorporation under the new legislation. This will change dramatically the landscape of Japan's civil society. Many of the 26,000 "public interest corporations" incorporated under Article 34 of the Civil Code are under strict control of government agencies. The NPO Law will allow many dynamic and young NPOs to emerge as a significant social force in addressing pluralistic and serious domestic social issues and in making an international contribution to diverse global issues.

Future Challenges for Civil Society

A somber mood exists, nevertheless, among those NPO leaders who worked together for three years to engineer the passage of the bill. They are fully aware of the challenges ahead. Indeed, not all citizens' groups are ready to jump in line

for the application for corporate status, because once incorporated, these groups will be required to submit all accounting documents and annual reports to the administrative bodies every year, and disclosure of financial information will become mandatory. Some groups are hesitating to commit themselves, considering this procedure a burden. Some also fear the possible loss of autonomy as a result of being put under the administrative responsibility of local governments or the Economic Planning Agency. Some NPOs with large endowments will likely opt for incorporation under the traditional Article 34 of the Civil Code, as revenue, such as interest on the endowment, is tax exempt, unlike in the case of organizations incorporated under the NPO Law. This two-tier structure of the nonprofit sector, with one group of nonprofits incorporated under Article 34 of the Civil Code and another group incorporated under the NPO Law, will have to be addressed. There may be a need to review the Civil Code, which was enacted in 1898, to make it more compatible with the new legislation.

Civil society in Japan will have to face several challenges in the coming months and years. An immediate challenge is to develop a constructive relationship with the prefectural governments, which have significant authority in implementing the

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Selected Annotated Bibliography of Literature on the Nonprofit Sector in Japan

In this issue of the *Civil Society Monitor*, we list recently published English-language materials on the Japanese nonprofit sector and on corporate philanthropy. English-language literature on civil society in Japan is still limited, but the list below includes publications ranging from a directory of nongovern-

mental organizations (NGOs) in Japan and a comprehensive analysis of the legal environment to a report on international giving by Japanese corporations and a survey on civil society in Japan.

□ Directory of Nongovernmental Organizations in Japan 1992

This directory lists 173 Japanese NGOs in four areas: (1) international cooperation; (2) foreign workers and refugees in Japan; (3) information dissemination, development education, and policy advocacy; and (4) networking among NGOs. Each reference includes the names of NGOs in both English and Japanese; contact information; the number of staff; objectives; activities; fields, countries, and regions of activities; publications; financial information; membership; and cooperating organizations overseas.

Directory of Nongovernmental Organizations in Japan 1992. Japanese NGO Center for International Cooperation, ed. Tokyo: Japanese NGO Center for International Cooperation, 1992

□ Directory of Grant-Making Foundations in Japan 1996

This comprehensive reference profiles 209 Japanese grant-making foundations with international grant programs. Each profile includes contact information, background information, statement of purpose, organization data, financial data, and English publications as well as a detailed listing of all grant programs. In addition to the abundance of information within the profiles, this resource also provides data on the history, trends, chartering agencies, and assets of grant-making foundations.

Directory of Grant-making Foundations in Japan 1996. Japan Foundation Center, ed. Tokyo: Japan Foundation Center, 1996

□ Data Book on Japanese Local Grassroots Organizations in International Cultural Exchange

This directory lists 127 local grass-roots organizations by eight geographical districts. The grass-roots international cultural exchange organizations are chosen by the editorial staff of the *World Plaza*, an international cultural exchange magazine. Each listing is complete with contact information, purpose of establishment, and the organization's main areas of activity.

Data Book on Japanese Local Grassroots Organizations in International Cultural Exchange. Kondo Michio, ed. Tokyo: The Japan Forum, 1993

□ Emerging Civil Society in the Asia Pacific Community

This book is a compilation of reports from 15 Asia Pacific countries—Australia, Canada, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand, the United States, and Vietnam—on the focus of activities of nongovernmental institutions. The chapter by Menju Toshihiro provides an overview of NGOs in Japan and looks at the activities of Japanese NGOs in Asia Pacific. Noda Makito's chapter looks at research institutions in Japan and their involvement with Asia Pacific in terms of both the actual research and networking. Yamamoto Tadashi's chapter gives an overview of philanthropy in Japan and its interest in Asia Pacific. This book won the 1996 Masayoshi Ohira Award for Outstanding Contribution to Asia Pacific Community Building.

Emerging Civil Society in the Asia Pacific Community. Yamamoto Tadashi, ed. Tokyo: Institute of Southeast Asian Studies and Japan Center for International Exchange, 1995

□ "The Evolution of Japan's International Giving and Its Future Prospects"

This article, in a book that constitutes a comprehensive review of grant-making foundations in the United States, provides a history of Japan's international giving, discusses how it has developed and evolved to its current stage, and considers its future prospects.

"The Evolution of Japan's International Giving and Its Future Prospects." Yamamoto Tadashi. In *International Grantmaking: A Report on U.S. Foundation Trends*. The Foundation Center, ed. New York: The Foundation Center, 1997

□ Evolving Patterns of Asia-Pacific Philanthropy

This volume is a collection of papers that were presented at the Second Symposium on Private Philanthropy in East Asia in 1993. The chapter by Iriyama Akira provides an overview of NGOs in Japan. Beginning with statistics from a 1989 survey on NPOs, the chapter explores the negative cliché commonly used to depict the Japanese nonprofit sector—that the sector is restricted by government supervision and unfriendly tax laws—and concludes that although the cliché is true, it is a fact that the role of private philanthropy in Japan is increasing. The chapter by Yamamoto Tadashi considers possibilities for developing joint activities and forming a network among NPOs and NGOs in Asia Pacific. In particular, the chapter looks at such Japanese organizations active in Asia

Pacific, the regional network of organizations in Asia Pacific, and the possibility of philanthropic cooperation in Asia Pacific being made stronger in the future.

Evolving Patterns of Asia-Pacific Philanthropy. Jung Ku-Hyun, ed. Seoul: Seoul Press, 1994

❑ Japanese Corporate Philanthropy

This book discusses corporate philanthropy in Japan with special emphasis on the legal and tax system concerning philanthropic activities. The evolution of the current system is examined, and the challenges posed to this system are discussed. The book considers the sociocultural issues inherent in Japanese society that directly influence corporate philanthropic attitudes, the actual practices of corporate philanthropy, which is largely corporate giving, and the role Keidanren (Japan Federation of Economic Organizations) plays in exercising corporate philanthropy.

Japanese Corporate Philanthropy. Nancy R. London. New York: Oxford University Press, 1991

❑ The Nonprofit Sector in Japan

This is the most recent, up-to-date, and comprehensive book on the nonprofit sector in Japan. To be published in spring 1998 as one in a series of volumes by the Johns Hopkins Comparative Nonprofit Sector Project, which looks at the nonprofit sector in the world, this book argues that the nonprofit sector in Japan is larger than it is widely perceived to be. Both qualitative and quantitative criteria are used to support this contention. The book includes in-depth analysis of the legal environment in which nonprofit organizations operate, a comprehensive chronology of the historical evolution of the nonprofit sector, and an examination of the relationship between the government and the nonprofit sector.

The Nonprofit Sector in Japan. Yamamoto Tadashi, ed. Forthcoming in April 1998. Manchester and New York: Manchester University Press

❑ The Nonprofit Sector in the Global Community

This book is a collection of analyses on the roles, functions, and significance of nongovernmental organizations, philanthropy, and voluntarism. Country reports are included from the Americas, the Arab world, Asia, and Europe. Yamamoto Tadashi's chapter looks at private philanthropy in Japan, its evolution, and the development of international philanthropic activities by the Japanese. It also discusses some external factors, for example, the trade friction between the United States and Japan, that contributed to the growth in philanthropic activities. The chapter stresses the need to enhance international cooperation among private philanthropies. Anna Maria Thrändhardt's chapter focuses specifically on voluntarism in Japan. The chapter shows how history, traditions, and culture influenced voluntarism and how traditional voluntarism in Japan has evolved to become more organized as citizens' activities.

The Nonprofit Sector in the Global Community: Voices from Many Nations. Kathleen D. McCarthy, et al., ed. San Francisco: Jossey-Bass Publishers, 1992

❑ Philanthropy and the Dynamics of Change in East and Southeast Asia

This volume is a collection of comparative studies on organized private philanthropy in seven Asian countries: Indonesia, Japan, the Philippines, Singapore, South Korea, Taiwan, and Thailand. The chapter by Yamamoto Tadashi first discusses the history of organized private philanthropy from the Edo period in the 1800s to the present, then examines international philanthropic activities, with detailed statistics provided in the appendices. Nancy London's chapter discusses the legal and tax environment for private philanthropy in Japan. The chapter by Iriyama Akira et al. focuses on the roles and activities of development NGOs in Japan and their relationship with the government and its ODA (official development assistance).

Philanthropy and the Dynamics of Change in East Asia. Barnett F. Baron, ed. New York: Occasional Papers of the East Asian Institute of Columbia University, 1991

❑ The Role of Non-state Actors in International Affairs

This publication is a collection of four articles that Yamamoto Tadashi, founder and president of the Japan Center for International Exchange (JCIE), has written over the years about the growth of the nonprofit sector's role since JCIE's founding in 1970. The book also includes an article written by Funabashi Yoichi. The five articles look at changing patterns of international exchange and the role the private sector plays in it, the past growth of the nonprofit, nongovernmental sector in Japan and the rest of the world, and the challenges and opportunities that lie ahead for those working in this field.

The Role of Non-state Actors in International Affairs: A Japanese Perspective. Yamamoto Tadashi and Funabashi Yoichi. Tokyo: The Japan Center for International Exchange, 1995

❑ White Paper on Corporate Philanthropy in Japan 1996

This mimeograph is a translated summary of the white paper published by Keidanren (Japan Federation of Economic Organizations) on philanthropy in the corporate sector in Japan. It first looks at corporate philanthropic activities in the 1990s and how they continued even after the burst of the bubble economy. Then it provides analyses and recent trends on corporate philanthropy in Japan, based on surveys that Keidanren conducted with its member corporations. The white paper also provides an in-depth introduction to the philanthropic activities of Keidanren, including the One-Percent Club and the Council for Better Corporate Citizenship.

White Paper on Corporate Philanthropy in Japan 1996. Keidanren (Japan Federation of Economic Organizations), ed. Tokyo: Keidanren, 1996

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new law. Officers of civil society organizations such as the Japan NPO Center will be busy briefing prefectural government officials on the spirit and substance of the NPO Law, and supporting civil society leaders in each prefecture in their efforts to encourage the authorities to establish appropriate administrative procedures for the incorporation of NPOs. Another challenge is the tax treatment of donations given to nonprofits. The NPO Law fails to mention tax incentives for contributions to NPOs. A resolution added to the law stipulates that the tax system is to be reviewed within two years of enactment of the law.

NPOs themselves are challenged to improve their performance. Improved professionalism, accountability, and transparency are fundamental to NPOs being given credibility, which is tied to their claim for tax privileges for donations. Most of the NPOs newly incorporated under the NPO Law will be very small, underfunded, and understaffed. To many NPO leaders, the promulgation of the law ushers in a new phase in the long-term battle for the full-fledged development of civil society in Japan.

Emergence of an Enabling Environment

Despite all the challenges ahead, promulgation of the NPO Law is seen as a clear sign of the changing environment in Japan that will provide fertile ground for the further growth of civil society. Such optimism is based on the unusual process through which the bill was drafted and brought to final passage through the Diet. Politicians from several political parties and NPO leaders collaborated to draft the bill. Government bureaucrats who tried to control the drafting, as is normal in Japan's legislative process, gave up within six months after the Liaison Committee for Related Government Ministries and Agencies Regarding Volunteer Activities was hastily established in response to a heightened public interest in the role of NPOs and volunteers in the wake of the tragic Great Hanshin-Awaji Earthquake of January 1995. NPO leaders lobbied effectively for the bill, coordinating strong support from the media, economic organizations such as Keidanren (Japan Federation of Economic Organizations), and the general public. The legislative process was closely monitored by a voluntary organization named "C's" (Coalition for Legislation to Support Citizens' Organizations),

and hundreds of faxes were sent to civil society organizations, the media, and politicians to mobilize support at each critical juncture of the legislative process. The three years of collaborative efforts to promote the NPO bill forged a strong sense of solidarity among leaders of NPOs throughout Japan, and this solidarity led to the establishment of the Japan NPO Center. Many people in business, local government, the media, and other professions have joined this widening group supporting the efforts to strengthen civil society.

The NPO Bill was passed unanimously by all the parties, including the governing Liberal Democratic Party and the Japan Communist Party. It is extremely unusual for any bill to pass with the consent of all parties. This alone signifies the emergence of an enabling environment conducive to the growth of civil society in Japan. For the bill's passage was the crystallization of a growing movement in Japan to reduce the influence of government bureaucrats and to have citizens take public interest into their own hands. This is a rare moment in Japan when civil society leaders have a sense that things can change in their society, and that there is a chance for civil society to play a major role in the society, no matter how time-consuming it may be to reach that point. 

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Founded in 1970, the Japan Center for International Exchange is an independent, nonprofit, and nonpartisan organization dedicated to strengthening Japan's role in international affairs. JCIE plays an important role in broadening debate on Japan's international responsibilities by engaging Japanese from different sectors in privately sponsored programs of exchange, research, and discussion with their foreign counterparts.

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[UNOFFICIAL TRANSLATION]

Law to Promote Specified Nonprofit Activities

(Promulgated on March 25, 1998)

Chapter I. General Provisions

(PURPOSE)

ARTICLE 1. The purpose of this law is to promote the sound development of specified nonprofit activities in the form of volunteer and other activities freely performed by citizens to benefit society, through such measures as the provision of corporate status to organizations that undertake specified nonprofit activities, and thereby to contribute to advancement of the public welfare.

(DEFINITIONS)

ARTICLE 2. 1. "Specified nonprofit activities" under this law shall mean those activities specified in the attached schedule, which are for the purpose of contributing to advancement of the interests of many and unspecified persons.

2. "Specified nonprofit corporation" under this law shall mean an organization that has as its main purpose the implementation of specified nonprofit activities, that conforms with each of the following items, and that is a corporation established under the provisions of this law:

- i. an organization that is covered by both of the following items and is not for the purpose of generating profits:
 - a. provisions regarding acquisition and loss of qualifications for membership are not unreasonable;
 - b. the number of officers receiving remuneration total no more than one-third of the total number of officers;
- ii. an organization whose activities conform with each of the following items:
 - a. the activities are not for the purpose of propagating religious teachings, performing ceremonies, or educating or fostering believers;
 - b. the activities are not for the purpose of promoting, supporting, or opposing a political principle;
 - c. the activities are not for the purpose of recommending, supporting, or opposing a candidate (including a prospective candidate) for a public office (meaning a public office as specified in Article 3 of the Public Offices Election Law [Law No. 100 of 1950]; the same shall apply hereafter), a person holding a public office, or a political party.

Chapter II. Specified Nonprofit Corporations

Section 1. Common Provisions

(PRINCIPLES)

ARTICLE 3. 1. A specified nonprofit corporation must not engage in operations for the interests of a specific individual or corporation or other organization.

2. A specified nonprofit corporation must not be used for a specific political party.

(RESTRICTION ON USE OF NAME)

ARTICLE 4. No entity other than a specified nonprofit corporation may use the words "specified nonprofit corporation" within its name or any wording that can be confused with same.

(REVENUE-GENERATING OPERATIONS)

ARTICLE 5. 1. A specified nonprofit corporation may engage in operations for the purpose of generating revenue (referred to hereafter as "revenue-generating operations") to be used in the specified nonprofit activities thereof, to the extent that said revenue-generating operations do not interfere with operations relating to specified nonprofit activities.

2. The account for revenue-generating operations must be separated from the account for operations relating to specified nonprofit activities implemented by said specified nonprofit corporation and administered as a special account.

(ADDRESS)

ARTICLE 6. The address of a specified nonprofit corporation shall be the location of its main office.

(REGISTRATION)

- ARTICLE 7. 1. A specified nonprofit corporation must be registered as prescribed by cabinet order.
2. In regard to matters requiring registration as specified in the preceding paragraph, a specified nonprofit corporation cannot contest claims by third parties until after registration.

(MUTATIS MUTANDIS APPLICATION OF THE CIVIL CODE)

Article 8. The provisions of Articles 43 and 44 of the Civil Code (Law No. 89 of 1896) shall apply mutatis mutandis to specified nonprofit corporations.

(COMPETENT AUTHORITY)

- ARTICLE 9. 1. The government agency with jurisdiction for a specified nonprofit corporation shall be the governor of the *to, do, fu, or ken* (prefecture or equivalent) in which the main office of the specified nonprofit corporation is located.
2. Notwithstanding the provisions of the preceding paragraph, the director general of the Economic Planning Agency shall be the government agency with jurisdiction for any specified nonprofit corporation that has offices in two (2) or more *to, do, fu, or ken* (prefectures or equivalent).

Section 2. Establishment

(AUTHENTICATION OF ESTABLISHMENT)

- ARTICLE 10. 1. A person who intends to establish a specified nonprofit corporation must submit an application together with the following documents as prescribed by ordinance of the Prime Minister's Office (or ordinance of a *to, do, fu, or ken* [prefecture or equivalent], in the case of a specified nonprofit corporation other than a specified nonprofit corporation specified in Article 9.2; the same shall apply hereafter, with the exception of Article 26.3 and Article 44.2) and must obtain authentication of establishment:
- i. articles of incorporation;
 - ii. the following documents concerning officers:
 - a. a list of officers (meaning a listing of the name and address or residence of each officer);
 - b. a letter of acceptance from each officer and a document as prescribed by ordinance of the Prime Minister's Office attesting to the address or residence of each officer;
 - c. a certified copy of an affidavit from each officer stating that he/she is not covered by Article 20 and that he/she will not violate the provisions of Article 21;
 - d. a document listing the names of those officers who will receive remuneration;
 - iii. a document listing the names of at least ten (10) members (which for corporate members shall mean the name of the corporation and the name of the representative), as well as their addresses or residences;
 - iv. a document indicating that conformance with Article 2.2.ii and Article 12.1.iii has been verified;
 - v. a prospectus;
 - vi. a list of promoters (meaning a listing of the name and address or residence of each promoter);
 - vii. a certified copy of minutes attesting to a decision of intent to establish a specified nonprofit organization;
 - viii. an inventory of assets at the time of establishment;
 - ix. a document stating the initial fiscal year after establishment, if a fiscal year is to be established;
 - x. an operating plan for the initial year and the following year after establishment (which shall mean the first fiscal year and the following fiscal year, if a fiscal year is to be established; the same shall apply to the following item);
 - xi. a budget statement of revenue and expenditure for the initial year and the following year after establishment.
2. If an application for authentication has been submitted as specified in the preceding paragraph, the government agency with jurisdiction must promptly publish that fact, as well as the matters specified below, and must provide the documents specified in items i, ii.a, v, x, and xi for public view at a designated location for two (2) months from the date of acceptance of the application:
- i. the date on which the application was submitted;
 - ii. the name of the specified nonprofit corporation related to the application, as well as the name of the representative, the location of the main office, and the purposes specified in the articles of incorporation.

(ARTICLES OF INCORPORATION)

- ARTICLE 11. 1. The articles of incorporation of a specified nonprofit corporation must specify the following:
- i. purposes;

- ii. name;
 - iii. types of specified nonprofit activities to be undertaken and types of operations related to said specified nonprofit activities;
 - iv. location of the main office and any other offices;
 - v. matters relating to acquisition and loss of qualifications for membership;
 - vi. matters concerning officers;
 - vii. matters concerning meetings;
 - viii. matters concerning assets;
 - ix. matters concerning accounts;
 - x. matters concerning the types of, and other particulars of, any revenue-generating operations that are to be undertaken;
 - xi. matters concerning dissolution;
 - xii. matters concerning amendment of the articles of incorporation;
 - xiii. method of public notice.
2. The initial officers after establishment must be listed in the articles of incorporation.
 3. If provision is made in the matters specified in 1.xi above for an entity to succeed to remaining assets, said entity must be a specified nonprofit corporation or another entity selected from those specified below:
 - i. the national government or a local public organization;
 - ii. a corporation established under the provisions of Article 34 of the Civil Code;
 - iii. a school corporation as specified in Article 3 of the Private Schools Law (Law No. 270 of 1949);
 - iv. a social welfare corporation as specified in Article 22 of the Social Welfare Services Law (Law No. 45 of 1951);
 - v. a relief and rehabilitation corporation as specified in Article 2.6 of the Relief and Rehabilitation Enterprise Law (Law No. 86 of 1995).

(CRITERIA FOR AUTHENTICATION, ETC.)

- ARTICLE 12. 1. The government agency with jurisdiction must authenticate establishment if it is recognized that the application for authentication specified in Article 10.1 conforms with the following:
- i. the procedures for establishment, the application, and the content of the articles of incorporation comply with laws and regulations;
 - ii. the specified nonprofit corporation of said application is an organization as specified in Article 2.2;
 - iii. the specified nonprofit corporation making said application is not a violent criminal organization (meaning a violent criminal organization as stipulated by Article 2.ii of the Law Concerning the Prevention of Irregularities by Gangsters [Law No. 77 of 1991]; the same shall apply hereafter) or under the control of a violent criminal organization or its members (including members of a constituent organization of a violent criminal organization);
 - iv. the specified nonprofit corporation of said application has at least ten (10) members.
2. Authentication or denial pursuant to the provisions of the preceding paragraph shall be made within two (2) months from the date of expiration of the period specified in Article 10.2 unless there is just and proper reason to the contrary.
3. If the government agency with jurisdiction denies authentication pursuant to the provisions of paragraph 1, the government agency with jurisdiction must provide prompt notification in writing to the person who submitted the application, stating the reason for denial.

(DATE OF ESTABLISHMENT, ETC.)

- ARTICLE 13. 1. A specified nonprofit corporation shall be established through registration of establishment at the location of its main office.
2. A specified nonprofit corporation that has made the registration specified in the preceding paragraph shall promptly submit to the government agency with jurisdiction written notification, together with a certified copy of registration attesting that said registration has been made.

(MUTATIS MUTANDIS APPLICATION OF THE CIVIL CODE)

- ARTICLE 14. The provisions of Article 51.1 of the Civil Code (limited to those sections that concern the time of incorporation) shall apply mutatis mutandis to establishment of a specified nonprofit corporation.

Section 3. Administration

(OFFICERS)

- ARTICLE 15. A specified nonprofit corporation shall have three (3) or more directors and one (1) or more auditors as its officers.

(REPRESENTATION BY DIRECTORS)

ARTICLE 16. The directors shall represent a specified nonprofit corporation in all the business thereof, with the proviso that their power of representation may be restricted by the articles of incorporation.

(DETERMINATION OF BUSINESS)

ARTICLE 17. The business of a specified nonprofit corporation shall be determined by majority vote of the directors, unless otherwise specified in the articles of incorporation.

(DUTIES OF AUDITORS)

ARTICLE 18. Supervisors shall perform the duties specified in each of the following items:

- i. inspect the status of business conducted by the directors;
- ii. inspect the status of assets of the specified nonprofit corporation;
- iii. if, as a result of the inspection specified in the preceding two items, improper conduct or important facts indicating violation of laws, regulations, or the articles of incorporation with regard to the business or assets of the specified nonprofit corporation are discovered, report same to a general meeting or the government agency with jurisdiction;
- iv. if necessary in order to submit a report as specified in the preceding item, convene a general meeting;
- v. present opinions to the directors on the status of business conducted by the directors or the status of assets of the specified nonprofit corporation.

(PROHIBITION OF DUAL FUNCTIONS BY AUDITORS)

ARTICLE 19. An auditor may not concurrently be a director or staff member of the specified nonprofit corporation.

(REASONS FOR DISQUALIFICATION AS AN OFFICER)

ARTICLE 20. No person who is covered by any of the following may become an officer of a specified nonprofit corporation:

- i. an incompetent or quasi-incompetent person;
- ii. a bankrupt who has not been reinstated with his/her rights;
- iii. a person who has been sentenced to imprisonment or a more severe penalty, and for whom two (2) years have yet to pass from the date of expiration of execution of the sentence or the date on which said person became no longer subject to execution of sentence;
- iv. a person who has been sentenced to a penal fine as a result of violation of the provisions of this law or the provisions of the Law Concerning the Prevention of Irregularities by Gangsters, excluding the provisions of Article 31.7 of said law or Article 204, Article 206, Article 208, Article 208-2, Article 222, or Article 247 of the Criminal Code (Law No. 45 of 1907) or the provisions of the Law Concerning Punishment of Violent Acts, Etc. (Law No. 60 of 1926), and for whom two (2) years have yet to pass from the date of expiration of execution of the sentence or the date on which said person became no longer subject to execution of sentence;
- v. a person who was an officer of a specified nonprofit corporation at the time of dissolution thereof, authentication of establishment having been revoked pursuant to the provisions of Article 43, and for whom two (2) years have yet to pass from the date on which said authentication of establishment was revoked.

(LIMITATIONS ON RELATIVES, ETC., OF OFFICERS)

ARTICLE 21. Officers may not include more than one (1) person who is a spouse or relative within the third degree of consanguinity of any one (1) officer, and said officer and his/her spouse and relatives within the third degree of consanguinity may not constitute more than one-third of the total number of officers.

(FILLING VACANT OFFICES)

ARTICLE 22. If the offices of more than one-third of the fixed number of directors or auditors fall vacant, they shall be filled promptly.

(NOTIFICATION OF CHANGES CONCERNING OFFICERS)

ARTICLE 23. 1. A specified nonprofit corporation must promptly notify the government agency with jurisdiction in the event of any change in the name or the address or residence of an officer.
2. When making the notification specified in the preceding paragraph when a new officer has been installed (excluding instances of reappointment simultaneously with expiration of the term of office), a specified nonprofit corporation shall submit to the government agency with jurisdiction the documents listed in Article 10.1.ii.b and c in regard to said officer.

(TERM OF OFFICE OF OFFICERS)

ARTICLE 24. The articles of incorporation shall specify a term of office of not more than two (2) years for officers. However, reappointment shall not be prohibited.

(AMENDMENT OF ARTICLES OF INCORPORATION)

- ARTICLE 25. 1. Any amendment of the articles of incorporation shall take place by resolution of a general meeting as specified in the articles of incorporation.
2. Any resolution specified in the preceding paragraph must be approved by at least three-fourths of the members present at a general meeting attended by at least one-half of the members, unless otherwise specified in the articles of incorporation.
3. No amendment of the articles of incorporation shall be effective unless approval is obtained from the government agency with jurisdiction, excluding amendments involving the matters specified in Article 11.1.iv (limited to those not involving a change of competent authority), as well as the matters specified in viii and xiii of the same paragraph (referred to in paragraph 6 as “amendment of the articles of incorporation regarding minor matters”).
4. If a specified nonprofit corporation wishes to obtain the approval specified in the preceding paragraph, said specified nonprofit corporation must submit an application to the government agency with jurisdiction together with a certified copy of the minutes of the general meeting at which amendment of the articles of incorporation was approved, as well as the amended articles of incorporation.
5. The provisions of Article 10.2 and Article 12 shall apply mutatis mutandis to the approval specified in paragraph 3.
6. A specified nonprofit corporation must notify the government agency with jurisdiction promptly in the event that it makes any amendment of the articles of incorporation regarding minor matters.
- ARTICLE 26. 1. The application specified in paragraph 4 of the preceding article for approval of amendment of the articles of incorporation involving a change of government agency with jurisdiction must be submitted to the government agency with jurisdiction after the change via the government agency with jurisdiction prior to the change.
2. In the event of the preceding paragraph, in addition to the documents specified in Article 25.4, the documents specified in Article 10.1.ii.a and iv, as well as the most recent activity report, etc., as specified in Article 28.1 (which for the period from establishment through compilation of said documents shall mean the documents specified in Article 10.1.viii and for the period from a merger through compilation of said documents shall mean the inventory of assets specified in Article 35.1) must be attached to the application.
3. In the event of paragraph 1, if the government agency with jurisdiction approves amendment of the articles of incorporation, the government agency with jurisdiction shall promptly take over administrative work from the prior competent authority as prescribed by ordinance of the Prime Minister’s Office.

(ACCOUNTING PRINCIPLES)

- ARTICLE 27. Accounts for a specified nonprofit corporation must be kept as prescribed in this law as well as in accordance with the following principles:
- i. revenue and expenditure must be based on a budget;
 - ii. account books must be kept accurately, in keeping with the principles of formal bookkeeping;
 - iii. the inventory of assets, balance sheet, and statement of revenue and expenditure must clearly state the truthful extent of revenue and expenditure and of finances on the basis of the account books;
 - iv. the standards and procedures adopted for processing accounts must be followed consistently each year (or each fiscal year, if a fiscal year has been established; the same shall apply in Article 28.1 and Article 29.1) and must not be changed indiscriminately.

(KEEPING OF ACTIVITY REPORT, ETC., AND VIEWING THEREOF)

- ARTICLE 28. 1. A specified nonprofit corporation must compile within the first three (3) months of each year, as prescribed by ordinance of the Prime Minister’s Office, an activity report, inventory of assets, balance sheet, and statement of revenue and expenditure (referred to in the following paragraph, Article 29, and Article 43.1 as “activity report, etc.”) for the previous year (or the previous fiscal year, if a fiscal year has been established; the same shall apply hereafter in this paragraph) and a list of officers (meaning a listing of the names and addresses or residences of all persons who were officers the previous year), as well as a document listing the names of all persons listed in said list of officers who received remuneration the previous year and a document listing the names of at least ten (10) members (which for corporate members shall mean the name of the corporation and the name of the representative), as well as their addresses or residences (referred to in the following paragraph, Article 29, and Article 43.1 as “list of officers, etc.”); and said specified nonprofit corporation must keep these documents at its main office until the last day of the second successive year after the year in question (or the second successive fiscal year, if a fiscal year has been established).
2. If a member or other interested party asks to view the activity report, etc. (which for the period from establishment through compilation of said documents shall mean the documents specified in Article 10.1.viii and for the period from

a merger through compilation of said documents shall mean the inventory of assets specified in Article 35.1; the same shall apply in Article 29.2), the list of officers, etc., or the articles of incorporation or copies of documents relating to the authentication or registration of same (referred to in Article 29 and Article 43.1 as “articles of incorporation, etc.”), said specified nonprofit corporation must allow viewing thereof unless there is just and proper reason to the contrary.

(SUBMISSION AND PUBLIC DISCLOSURE OF ACTIVITY REPORT, ETC.)

- ARTICLE 29. 1. A specified nonprofit corporation must submit its activity report, etc., list of officers, etc., and articles of incorporation, etc. (limited to articles of incorporation that have been amended, as well as copies of the documents relating to approval and registration of said amendment), once a year to the government agency with jurisdiction as prescribed by ordinance of the Prime Minister’s Office.
2. If a request is made to view the activity report, etc., or registry of officers, etc. (limited to those submitted within the last three [3] years), or the articles of incorporation, etc., submitted to the government agency with jurisdiction by a specified nonprofit corporation, the government agency with jurisdiction must permit viewing thereof as prescribed by ordinance of the Prime Minister’s Office.

(MUTATIS MUTANDIS APPLICATION OF THE CIVIL CODE)

- ARTICLE 30. The provisions of Article 54 to Article 57 and Article 60 to Article 66 of the Civil Code shall apply mutatis mutandis to a specified nonprofit corporation. In this case, “the court . . . on the application of any person interested or of a public prosecutor” in Article 56 of the Civil Code shall be read as “the government agency with jurisdiction . . . on the application of any interested party or by the authority of his/her post.”

Section 4. Dissolution and Merger

(REASONS FOR DISSOLUTION)

- ARTICLE 31. 1. A specified nonprofit corporation shall be dissolved for any of the following reasons:
- i. resolution of a general meeting to that effect;
 - ii. the occurrence of any reason for dissolution specified in the articles of incorporation;
 - iii. the impossibility of successful performance of operations relating to the nonprofit activities that are its objective;
 - iv. absence of members;
 - v. merger;
 - vi. bankruptcy;
 - vii. revocation of authentication of establishment in accordance with the provisions of Article 43.
2. Dissolution for the reason specified in item iii of the preceding paragraph shall not take effect without the approval of the government agency with jurisdiction.
3. A specified nonprofit corporation wishing to obtain approval as specified in the preceding paragraph shall submit to the government agency with jurisdiction a document attesting to the reason specified in paragraph 1, item iii.
4. The liquidator shall, when dissolution is effected for the reasons specified in paragraph 1, item i, ii, iv, or vi, promptly notify the government agency with jurisdiction to that effect.

(ASSIGNATION OF REMAINING ASSETS)

- ARTICLE 32. 1. The remaining assets of a dissolved specified nonprofit corporation shall, except in the cases of merger and bankruptcy, be assigned to the entity stipulated by the articles of incorporation at the time of notifying the government agency with jurisdiction of the completion of liquidation.
2. If there is no provision in the articles of incorporation regarding assignment of remaining assets, the liquidator may, upon receipt of approval by the government agency with jurisdiction, transfer them to the national government or a local public organization.
3. Any assets that are not disposed of under the provisions of the preceding two paragraphs shall be assigned to the national treasury.

(MERGER)

- ARTICLE 33. A specified nonprofit corporation may merge with another specified nonprofit corporation.

(PROCEDURES FOR MERGER)

- ARTICLE 34. 1. Any merger by a specified nonprofit corporation must be approved by resolution of a general meeting.
2. The resolution specified in the preceding paragraph must be approved by at least three-fourths of the members, unless otherwise specified in the articles of incorporation.
3. No merger shall be effective unless approval is obtained from the government agency with jurisdiction.
4. If a specified nonprofit corporation wishes to obtain the approval specified in the preceding paragraph, said specified

nonprofit corporation must submit an application to the government agency with jurisdiction together with a certified copy of the minutes of the general meeting at which the resolution specified in paragraph 1 was approved.

5. The provisions of Article 10 and Article 12 shall apply mutatis mutandis to the approval specified in paragraph 3.

ARTICLE 35. 1. A specified nonprofit corporation shall, upon approval by the government agency with jurisdiction as specified in Article 34.3, prepare an inventory of assets and a balance sheet within two (2) weeks from the date of notification of said approval.

2. A specified nonprofit corporation shall, upon approval by the government agency with jurisdiction as specified in Article 34.3, give public notice to creditors within two (2) weeks from the date of notification of said approval that they shall present objections, if any, during a fixed period and further shall give separate notice to the same effect to each known creditor, provided that said fixed period is not less than two (2) months.

ARTICLE 36. 1. If no creditor presents an objection to the merger during the period specified in Article 35.2, it shall be deemed that the merger has been consented to.

2. If any creditor presents an objection, the specified nonprofit corporation must satisfy his/her claims or furnish him/her with equivalent collateral or entrust equivalent assets to a trust company or a bank engaged in trust business for the purpose of satisfying said creditor. However, this is not necessary when there is no possibility that the merger will harm said creditor.

ARTICLE 37. When a specified nonprofit corporation is to be established by merger, preparation of the articles of incorporation and other matters relating to establishment of said specified nonprofit corporation shall be attended to by joint action of persons selected by each specified nonprofit corporation.

(EFFECT OF MERGER)

ARTICLE 38. A specified nonprofit corporation that continues to exist after merger or a specified nonprofit corporation established by merger shall succeed to all the rights and obligations of the specified nonprofit corporation or corporations ceasing to exist by reason of merger (including the rights and obligations possessed by said specified nonprofit corporation or corporations by virtue of permission and other dispositions granted by the administrative authorities in connection with the business thereof).

(TIME OF MERGER)

ARTICLE 39. 1. Merger of specified nonprofit corporations shall take effect upon completion of registration at the locality of the main office of the specified nonprofit corporation that continues to exist after merger or of the specified nonprofit corporation that is established by merger.

2. The provisions of Article 13.2 shall apply mutatis mutandis to the registration specified in the preceding paragraph.

(MUTATIS MUTANDIS APPLICATION OF THE CIVIL CODE)

ARTICLE 40. The provisions of Article 69, Article 70, Article 73 to Article 76, Article 77.2 (limited to the portion relating to reporting), and Article 78 to Article 83 of the Civil Code, as well as the provisions of Article 35.2, Article 36, Article 37-2, Article 136 to Article 137, and Article 138 of the Law of Procedure for Noncontentious Matters, shall apply mutatis mutandis to dissolution and liquidation of a specified nonprofit corporation. In this case, "the competent authorities" in Article 77.2 and Article 83 of the Civil Code shall be read as "the government agency with jurisdiction."

Section 5. Supervision

(REPORTS AND INSPECTION)

ARTICLE 41. 1. If there is sufficient reason to suspect that a specified nonprofit corporation has violated laws, regulations, administrative dispositions based on laws or regulations, or the articles of incorporation, the government agency with jurisdiction may have said specified nonprofit corporation make a report concerning the status of its business or assets or have officials of the government agency with jurisdiction enter the office or offices and other facilities of said specified nonprofit corporation and inspect the status of its business or assets or its account books, documents, and other materials.

2. If the government agency with jurisdiction has the inspection specified in the preceding paragraph performed, the government agency with jurisdiction shall have its officials present a document stating the sufficient reason of said paragraph to the officers of the specified nonprofit corporation or other persons with authority to supervise the office or offices and other facilities that are subject to inspection (referred to hereafter in this paragraph as "officers, etc., of the specified nonprofit corporation") and must deliver said document if the officers, etc., of the specified nonprofit corporation demand delivery thereof.

3. Any official performing the inspection specified in paragraph 1 must carry a certificate attesting to his/her official status and must show it to those concerned.

4. The authority to inspect specified in paragraph 1 shall not be construed as the authority to conduct a criminal investigation.

(ORDERS TO IMPROVE)

ARTICLE 42. The government agency with jurisdiction may order a specified nonprofit corporation to take such measures as are necessary for improvement within a fixed period if the government agency with jurisdiction deems that said specified nonprofit corporation does not meet the requirements of Article 12.1.ii, iii, or iv or otherwise violates laws, regulations, administrative dispositions based on laws or regulations, or the articles of incorporation or that its operations are materially lacking in propriety.

(REVOCAION OF AUTHENTICATION OF ESTABLISHMENT)

ARTICLE 43. 1. The government agency with jurisdiction may revoke its authentication of establishment of a specified nonprofit corporation if said specified nonprofit corporation violates an order specified in Article 42 and the government agency with jurisdiction cannot fulfill the objectives of supervision through other means or if a specified nonprofit corporation has not submitted an activity report, etc., registry of officers, etc., or articles of incorporation, etc., as specified in Article 29.1 for at least three (3) years.

2. The government agency with jurisdiction may revoke its authentication of establishment of a specified nonprofit corporation even without issuing the order specified in Article 42 if said specified nonprofit corporation violates laws or regulations and if it is clear that improvement cannot be expected as a result of such an order and that the objectives of supervision cannot be fulfilled through other means.

3. If a specified nonprofit corporation so requests, efforts must be made to hold public hearings on the dates of hearings concerning the revocation of authentication of establishment as specified in the preceding two paragraphs.

4. If the government agency with jurisdiction does not hold public hearings on the dates of hearings when a request as specified in the preceding paragraph has been made, the government agency with jurisdiction must deliver to the specified nonprofit corporation a written statement of the reason for not holding public hearings.

Section 6. Miscellaneous Provisions**(PROVISION OF INFORMATION)**

ARTICLE 44. 1. The director general of the Economic Planning Agency must deliver copies of documents for viewing as specified in Article 29.2 (excluding copies of documents already delivered pursuant to this paragraph) to the governor of the *to, do, fu, or ken* (prefecture or equivalent) in which an office of a specified nonprofit corporation specified in Article 9.2 is located.

2. A specified nonprofit corporation specified in Article 9.2 must submit copies of the documents specified in the preceding paragraph to the director general of the Economic Planning Agency as prescribed by ordinance of the Prime Minister's Office.

3. The governor of a *to, do, fu, or ken* (prefecture or equivalent) may permit viewing of the copies of the documents that he/she receives pursuant to paragraph 1 as prescribed by ordinance of his/her prefecture or equivalent.

(REGULATIONS FOR IMPLEMENTATION)

ARTICLE 45. In addition to the provisions of this chapter, the procedures for implementation thereof, as well as other particulars necessary for implementation, shall be prescribed by ordinance of the Prime Minister's Office.

Chapter III. Special Treatment Under Tax Law

ARTICLE 46. 1. A specified nonprofit corporation shall be deemed to be a public interest corporation, etc., as specified in Article 2.vi of the Corporation Tax Law (Law No. 34 of 1965) for the purposes of application of said law and other laws and regulations relating to corporation taxes. In this event, for the purposes of applying Article 37 of said law, the wording "public interest corporations, etc." in paragraph 3 of said article shall be read as "public interest corporations, etc. (excluding corporations; hereafter referred to as 'specified nonprofit corporations'), specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities (Law No. 7 of 1998)," and the wording "public interest corporations, etc." in paragraph 4 of said article shall be read as "public interest corporations, etc. (excluding specified nonprofit corporations)"; for the purposes of applying Article 66 of said law, the wording "ordinary corporations" in paragraphs 1 and 2 of said article shall be read as "ordinary corporations (including specified nonprofit corporations)," and the wording "public interest corporations, etc." in paragraph 3 of said article shall be read as "public interest corporations, etc. (excluding specified nonprofit corporations)"; and for the purposes of applying Article 68-6 of the Special Taxation Measures Law (Law No. 26 of 1957), the wording "those corporations deemed" in said article shall be read as "those corporations deemed (which for corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities [Law No. 7 of 1998] shall be limited to corporations designated by cabinet order as small-scale corporations)."

2. For the purposes of applying the Consumption Tax Law (Law No. 108 of 1988) and other laws and regulations concerning the consumption tax, a specified nonprofit corporation shall be deemed to be a corporation as specified in Schedule

- 3 of the Consumption Tax Law.
3. For the purposes of applying the Land Value Tax Law (Law No. 69 of 1991) and other laws and regulations concerning the land value tax (excluding the provisions of Article 33 of said law), a specified nonprofit corporation shall be deemed to be a public interest corporation, etc., as specified in Article 2.vi of the Land Value Tax Law, with the proviso that for the purposes of applying the provisions of laws or regulations concerning exemption from land value tax pursuant to Article 6 of said law, a specified nonprofit corporation shall be deemed to be an organization, etc., without juridical personality as specified in Article 2.vii of said law.

Chapter IV. Penal Provisions

- ARTICLE 47. A person who violates an order specified in Article 42 shall be liable to a fine not exceeding 500,000 yen.
- ARTICLE 48. If a representative or proxy or an employee or other worker of a specified nonprofit corporation commits any violation specified in the preceding article in connection with the business of said specified nonprofit corporation, the specified nonprofit corporation as well as the offender shall be liable to the penalty prescribed in said article.
- ARTICLE 49. Directors, auditors, or the liquidator of a specified nonprofit corporation shall be liable to a nonpenal fine not exceeding 200,000 yen in any of the following cases:
- i. registration as specified in the provisions of the cabinet order specified in Article 7.1 has been neglected;
 - ii. preparation of an inventory of assets as specified in the provisions of paragraph 1 of Article 51 of the Civil Code, applicable mutatis mutandis to Article 14, has been neglected or matters required to be included in said inventory have not been included or untrue entries have been made;
 - iii. notification has not been given, in violation of the provisions of Article 23.1 or Article 25.6, or false notification has been given;
 - iv. the keeping of the documents specified in the provisions of Article 28.1 has been neglected or matters required to be included in said documents have not been included or untrue entries have been made;
 - v. submission of the documents specified in Article 29.1 has been neglected;
 - vi. preparation of the documents specified in Article 35.1 has been neglected or matters required to be included in said documents have not been included or untrue entries have been made;
 - vii. the provisions of Article 35.2 or Article 36.2 have been violated;
 - viii. application for adjudication of bankruptcy as specified in Article 70.2 or Article 81.1 of the Civil Code, applicable mutatis mutandis to Article 40, has been neglected;
 - ix. public notice as specified in Article 79.1 or Article 81.1 of the Civil Code, applicable mutatis mutandis to Article 40, has been neglected or untrue public notice has been given.
- ARTICLE 50. A person who violates the provisions of Article 4 shall be liable to a nonpenal fine not exceeding 100,000 yen.

Supplementary Provisions

(ENFORCEMENT DATE)

1. This law shall be in force and effect from the date prescribed by cabinet order within one (1) year from the date of promulgation.

(EVALUATION)

2. The specified nonprofit corporation system shall be evaluated within three (3) years from the date of enforcement of this law, and such measures as are necessary shall be taken pursuant to the results of this evaluation.

(TRANSITIONAL MEASURES)

3. The wording “within two (2) months” in Article 12.2 shall be read as “within ten (10) months from the enforcement of this law” for the purposes of applying the provisions of said article to applications for authentication as specified in Article 10.1 that are made within six (6) months from the date of enforcement of this law.

(AMENDMENT OF THE LOCAL TAX LAW)

4. The Local Tax Law (Law No. 226 of 1950) shall be amended as follows:

The wording “community organizations, as well as” in Article 24.5 shall be amended to read “community organizations,” and after “political organizations” the words “as well as corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities (Law No. 7 of 1998)” shall be added.

The wording “community organizations, as well as” in Article 53.2.iii shall be amended to read “community organizations,” and after “political organizations” the words “as well as corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities” shall be added.

After “public interest corporations, etc.” in Article 53.12 the words “(including corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities)” shall be added.

The following item shall be added to Article 72-5.1: “xii. corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities.”

The wording “community organizations, as well as” in Article 294.7, Article 312.3.iii, and Article 701-34.2 shall be amended to read “community organizations,” and after “political organizations” the words “as well as corporations specified in Article 2.2 of the Law to Promote Specified Nonprofit Activities” shall be added.

(AMENDMENT OF THE LAW ESTABLISHING THE ECONOMIC PLANNING AGENCY)

5. The Law Establishing the Economic Planning Agency (Law No. 263 of 1952) shall be amended as follows:

The following item shall be added after Article 4.x:

“x-ii. handling administrative work concerning implementation of the Law to Promote Specified Nonprofit Activities (Law No. 7 of 1998), excluding work delegated to a *to, do, fu, or ken* (prefecture or equivalent).”

The following item shall be added after Article 5.vi:

“vi-ii. authority as the government agency with jurisdiction pursuant to the Law to Promote Specified Nonprofit Activities (Law No.7 of 1998), as well as assistance to the Prime Minister in compiling, amending, and revoking ordinances of the Prime Minister’s Office pursuant to delegation under said law.”

Attached Schedule (Article 2)

1. Promotion of health, medical treatment, or welfare
2. Promotion of social education
3. Promotion of community development
4. Promotion of culture, the arts, or sports
5. Conservation of the environment
6. Disaster relief
7. Promotion of community safety
8. Protection of human rights or promotion of peace
9. International cooperation
10. Promotion of a society with equal gender participation
11. Sound nurturing of youth
12. Administration of organizations that engage in the above activities or provision of liaison, advice, or assistance in connection with the above activities

**Supplementary Resolution Concerning Law
to Promote Specified Nonprofit Activities**

(Adopted by the House of Representatives Cabinet Committee on March 17, 1998)

In order to contribute to the sound development of specified nonprofit activities, it is resolved that the necessary measures be taken regarding the following items:

1. In connection with the enforcement of this law, mindful of the freedom of religion, association, and expression stipulated by the Constitution of Japan, efforts shall be made to ensure that the independence of specified nonprofit corporations is fully respected, and to strive for a fair and transparent administration in light of the purpose of the law and the deliberations at the Diet.
2. Specified nonprofit corporations, including the taxation system for the promotion and support for specified nonprofit activities, shall be reviewed and conclusions arrived at, on the basis of the actual status of activities thereof, within two years from the date of enforcement of this law.
3. Comprehensive review of the systems of nonprofit corporations, including the system of public interest juristic persons established under the provisions of Article 34 of the Civil Code, shall be conducted in future.
4. For the twelve (12) items on the Attached Schedule, efforts shall be made to manage the items so as to include a wide array of specified nonprofit activities.
5. In connection with reorganization of central ministries and agencies, due consideration shall be given to establishing a responsible system for jurisdiction and implementation of this law from a new perspective.