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[UNOFFICIAL TRANSLATION]

**Outline of the 2003 Revision  
of the Special Tax Measures Law**

(Excerpts of provisions concerning NPOs)  
Ministry of Finance

The following revisions are introduced to the system regulating the Approved Specified Nonprofit Corporations eligible for tax-deductible contributions.

- (1) The conditions for the approval of Specified Nonprofit Corporations shall be as follows.
  - i. Measures relating to the public support test (total amount of donations and grants shall make up more than one-third of the total amount of income) are as follows:
    - a. For the period between April 1, 2003, and March 31, 2006, the ratio shall be eased to more than one-fifth (specified as one-third under the present law in force) the total amount of income.
    - b. The standard limit per donor not to be counted toward the amount of donations received shall not exceed five (5) percent of the total amount of donations received (presently set at two (2) percent).
    - c. The standard limit per donor not to be counted toward the total amount of income and the total amount of donations received shall be lowered to under 1,000 yen (presently set at 3,000 yen).
    - d. The amount of commission grants received from national or local governments and international organizations in which Japan is a member or the amount of subsidies received from international organizations in which Japan is a member shall not be counted toward the total amount of income.
  - ii. The conditions for approval relating to operations of specified nonprofit corporations conducted in more than one municipality are to be repealed.
  - iii. If the said corporation remits or transfers money overseas, it shall submit documents beforehand to the National Tax Administration Agency for the amount exceeding 2,000,000 yen. For the amount equaling 2,000,000 yen or less, the information on the said remittance or transfer of money shall be submitted after the termination of the fiscal year.
- (2) The amount used for specified nonprofit activities from assets obtained from revenue-generating operations shall be deemed to be donations and the percentage limit of tax deductible amount for said donations shall be twenty (20) percent of the profit.