

# Japan

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## I. Summary

### A. Types of Organizations

Japanese law is grounded primarily in the civil law tradition, though elements of the common law have influenced certain legal developments.

In December 2008, a new set of laws was enacted that significantly changes the legal framework of not-for-profit organizations in Japan. Under the new laws, it is possible to form the following types of nongovernment, not-for-profit organizations (NPOs):

- Associations and Foundations (*Ippan Houjin*): Under the Association and Foundation Law of 2008, citizens are permitted to form associations or foundations regardless of whether the organization operates in the public interest (doing so used to be a prerequisite for becoming a legal entity).
- Public Interest Associations or Foundations (*Koueki Houjin*): The Law on Recognizing Organizations as Public Interest details specific requirements that must be met in order to be recognized as an association or foundation of public interest. These associations and foundations must receive authorization by the Committee for Public Interest Organizations (*kouekitou nintei iinkai*) which decides whether an applying organization satisfies the requirements the new law states, including:

- Special Nonprofit Corporations (SNCs), (*tokutei hieiri katsudo hojin*): SNCs were created by the Special Nonprofit Corporation Promotion Law (SNC Law), which was enacted in 1998.
- Various public interest organizations (distinct from Public Interest Legal Persons or PILPs as created under Japan's Civil Code) that were authorized after World War II by special laws arising under (or "attached to") Article 34 of Japan's Civil Code. These special bodies include Social Welfare Entities, Medical Organizations, Private Schools, Relief and Rehabilitation Enterprises, and Religious Organizations.<sup>[1]</sup>
- Public Interest Legal Persons or PILPs (*Tokurei Houjin*): This is a transitional organizational form. The enactment of the new laws in December 2008 effectively abolished Article 34 of Japan's Civil Code and all PILPs established under Article 34 can maintain their legal status for 5 years, after which time they must obtain legal status as one of the types of organizations listed above or dissolve. Intermediary Legal Persons (ILPs) are also given a five-year period to transition to another form.

## B. Tax laws

Under the new laws, associations and foundations do not automatically enjoy tax privileges, but they receive tax privileges if the Committee for Public Interest Organizations (*Kouekitou Nintei Inkai*) decides that these organizations' activities are of public interest. Public interest associations and foundations, together with NPOs, do not pay tax on grants and other income earned for non-business activities. This exemption is automatic and nondiscretionary.

The procedure for acquiring certain other tax privileges is separate from the process of acquiring legal entity status and requires specific authorization from the National Tax Administration/Ministry of Finance. As a result, organizations with the same legal form and that engage in essentially the same activities may have significantly different tax treatment. With the necessary authorization, NPO income earned from economic activities is generally taxed at a lower rate than that imposed on for-profit entities. In addition, some organizations are permitted to receive tax-deductible contributions.

Japan has a standard VAT rate of 5 percent, and there are relatively few exemptions.

The United States and Japan have entered into a double tax treaty.

## II. Applicable Laws

- [The Constitution of Japan](#) (1946)
- Trust Law Article 66 (1923) [regulation of public charitable trusts]
- Corporation Tax Act (1965)
- Private School Law, Article 3 (1949)
- [Fundamental Law of Education](#), Article 3
- Religious Corporation Law, Article 4 (1951)
- Social Welfare Business Law, Article 22 (1951)
- Medical Corporation Law, Article 39 (1950)
- Relief and Rehabilitation Enterprise Law (1995)
- Local Autonomy Law 260(2) (1991) [regulation of neighborhood associations]
- Special Nonprofit Corporation Promotion Law (1998) (translation at [http://www.jcie.or.jp/civilnet/monitor/npo\\_law.html](http://www.jcie.or.jp/civilnet/monitor/npo_law.html)) ("SNC Law")
- Association and Foundation Law, the Law on Recognizing Organizations as Public Interest, and the Law to Consolidate Relevant Laws (2008).
- Tax Law
- Income Tax Law Enforcement Ordinance

## III. Relevant Legal Forms

# A. General Legal Forms

## 1. Foundations and Associations (*Ippan Houjin*)

In December 2008, a set of laws was enacted that effectively abolished Article 34 of Japan's Civil Code. New laws include the Association and Foundation Law, that Law on Recognizing Organizations as Public Interest, and the Law to Consolidate Relevant Laws. Under the Association and Foundation Law, citizens can form an association or foundation even if the organization's activities are not in the public interest.

### 2. Associations and Foundations of Public Interest

The Law on Recognizing Organizations as Public Interest delineates a range of requirements for associations and foundations to be recognized as those of public interest. The Committee for Public Interest Organizations, which is comprised of experts from various fields, screens applications from organizations and authorizes or rejects the public interest status of each. The committee seeks to determine if an organization satisfies the requirements of the new law, including:

1. the organization's public purpose activities shall fall under the categories specified by the law;
2. the operation of the organization shall be focused mainly on the pursuit of public purpose activities;
3. the organization shall be capable of undertaking proper accounting and managing its projects;
4. revenues earned from its public purpose activities shall not exceed the expenses for these activities;
5. the expenses for public purpose activities shall be more than half of its total expenses for overall activities;
6. the balance of the organization shall be expected not to exceed the designated amount;
7. less than a third of the board members or auditors shall come from a given family or a given company;
8. the honorarium for the board members shall not be unfoundedly expensive;
9. the organization does not possess financial resources that would allow the organization to influence over other entities.

A committee summoned by the national government will screen organizations operating on a nationwide scope while committees established by prefectural governments will review organizations whose activities take place in given prefectures. [\[2\]](#)

### 3. Special Nonprofit Corporations (SNCs)

This not-for-profit organizational form was created under the Law to Promote Specified Nonprofit Activities (SNC Law), which went into effect in 1998 and was amended in 2002 and 2003. The purpose of the law was to alleviate the legal hurdles of creating Public Interest Legal Persons or PILPs under Article 34 of Japan's Civil Code. The Japanese government initially envisioned that SNCs would be covered by the recently enacted laws, but abandoned the idea in the face of opposition from SNCs.

The purpose of an SNC, or *tokutei hieiri katsudo hojin*, cannot be the generation of profits, and it cannot propagate religious teachings, perform religious ceremonies, or educate or foster religious believers (SNC Law, Article 2). It must have at least 10 members, and its "provisions regarding acquisition and loss of qualifications for membership [must not be] unreasonable" (SNC Law, Articles 2, 10, 28). An SNC must have at least three directors and at least one auditor as an officer (SNC Law, Article 15). It may engage only in those activities (as its primary nonprofit activities) specified in the Schedule to Article 2 of the law (SNC Law, Article 2). The enumerated activities include health care, environmental work, disaster relief, youth activities, and international cooperation (the full list appears in Section III-B, below).

#### 4. Organizations Established Under Special Laws Arising Under Civil Code Article 34

The following are among the principal subtypes of Organizations Established Under Special Laws Arising Under Civil Code Article 34. These organizations are subject to different rules regarding operations and tax treatment from those governing associations, foundations, and SNCs. Specifically:

- **Social Welfare Organizations** provide services for social advancement, including services for the elderly, children, and the handicapped, among other activities.
- **Educational Organizations (Private School Corporations)** operate private schools.
- **Religious Corporations** engage in religious or evangelical activities.
- **Medical Corporations** establish hospitals and clinics in which doctors or dentists provide regular services, or facilities for the health and welfare of the elderly. Under Japanese law, only not-for-profit entities are permitted to provide medical treatment, creating a prominent role in this field for not-for-profit organizations. However, except for the small category of "Special Medical Corporations," most Medical Corporations are not accorded the same treatment as PILPs. This is reflected, for example, in tax treatment: Medical Corporations are taxed in the same manner as ordinary corporations.
- **Relief and Rehabilitation Enterprises** (sometimes called "Regeneration and Protection Corporations") assist those who are imprisoned to rehabilitate and integrate them back into society.

#### 5. Public Interest Legal Persons or PILPs (*Tokurei Houjin*)

As a direct result of the 2008 changes to the legal framework as it relates to NPOs, the PILP became a transitional organizational form in Japan. The new laws effectively abolished Article 34 of Japan's Civil Code, and all PILPs established thereunder can maintain their legal status for 5 years, after which time their legal status will be automatically cancelled. These organizations are expected to change their status by becoming an association or foundation (*Ippan Shadan or Zaidan*), an SNC, an organization authorized by special laws arising under civil code article 34, or a profit-seeking entity. Alternatively, a PILP may seek to obtain public interest status or dissolve. Existing PILPs advance the public interest through "rites, religion, charity, academic activities, arts and crafts, or [an objective] otherwise relating to the public interest and not having for its object acquisition of profit."

## B. Public Benefit Status

Before the enactment of the 2008 laws, acquiring public benefit status was not a separate procedure under Japanese law. This is no longer the case for associations and foundations. Under the new framework, associations and foundations can obtain legal personality if they carry out activities that are not in the public interest. For SNCs and other organizations, however, this issue continues to be addressed at the initial registration stage; these NPOs are required to demonstrate to the responsible government agency that they provide a public benefit in order to obtain legal personality. These same ministries may dissolve an organization by revoking the initial authorization if they conclude that it no longer serves the public interest.

An SNC must pursue one or more of the "specified nonprofit activities" listed in a schedule to the SNC Law. Enumerated activities include:

- Promotion of health, medical treatment, or welfare;
- Promotion of social education;
- Promotion of community development;
- Promotion of science, culture, the arts, or sports;
- Conservation of the environment;
- Disaster relief;
- Promotion of community safety;

- Protection of human rights or promotion of peace;
- International cooperation;
- Promotion of a society with equal gender participation;
- Sound nurturing of youth;
- Development of information technology;
- Promotion of science and technology;
- Promotion of economic activities;
- Development of vocational expertise or expansion of employment opportunities;
- Protection of consumers; or
- Administration of organizations that engage in the above activities or provision of liaison services, advice, or assistance in connection with the above activities.

For Associations and Foundations of Public Interest, a Committee reviews the nature of the activities of the organization and determines whether the activities are in the public interest. The Committees (one for nationwide, and 47 for respective prefectures) may dissolve an organization within its jurisdiction by revoking its initial authorization. Similarly, associations and foundations of public interest must pursue one or more of the "specified nonprofit activities" listed in an attachment to the Law on Recognizing Organizations as Public Interest.

The Organizations Authorized by Special Laws Arising Under Civil Code Article 34 pursue public benefit objectives, which are specified in the relevant law. Except for most Medical Corporations, the majority of these organizations enjoy tax benefits.

Public interest status in Japan may also be affected by three special designations, under which donations to an entity can be tax deductible. These designations are discussed further in Section V-B, below. First, Public Interest Associations and Foundations based on the Law on Recognizing Organizations as Public Interest and certain Organizations Authorized by Special Laws Arising Under Civil Code Article 34 can seek status as Special Public Interest Promoting Corporations (SPIPCs), the largest category of organizations eligible to receive tax-deductible donations. An SPIPC must satisfy heightened requirements, including (i) the existence of appropriate management and accounting systems, (ii) internal provisions prohibiting the allocation of special interests to directors or employees, and (iii) allocation of its resources primarily to one of the activities on a specified list (Article 217 (7) of the Enforcement Ordinance of the Income Tax Law).

Second, certain Organizations Authorized by Special Laws Arising Under Civil Code Article 34 can seek status as Organizations Eligible for Designated Contributions. The Ministry of Finance confers this designation. Among other requirements, the funds must be devoted to urgent needs in the promotion of the public good, such as education, science, culture, and welfare services.

Finally, SNCs with National Tax Administration Approval can receive tax-deductible contributions under the SNC Law. For an SNC to be eligible for the special tax benefits, the Tax Administration must find that the organization contributes to the promotion of public benefit (SNC Law, article 46-2). Other criteria are set forth in the Special Tax Measures Law. Only a small number of SNCs qualify for these tax benefits.

## **IV. Specific Questions Regarding Local Law**

### **A. Inurement**

Relevant legislation does not generally preclude the possibility of inurement to private individuals or for-profit entities. An SNC "must not engage in operations for the interests of a specific individual or corporation or other organization" (Article 3(1), Special Nonprofit Corporation Promotion Law). In addition, an SNC is prohibited from providing remuneration to more than one-third of its officers ([SNC Law, Article 2\(2\)\(i\)\(b\)](#)). Those few SNCs with tax-deductible status are subject to more stringent rules against inurement.

Further, organizations that qualify for designation as SPIPCs are subject to regulations on benefits provided to directors and employees under Article 217 of the Enforcement Ordinance of the Income Tax Law.

## B. Proprietary Interest

A donor or founder cannot retain a proprietary interest in donated assets during the life of an organization.

## C. Dissolution

Article 249 of the Law on Associations and Foundations states "the Articles of Incorporation designates to whom the assets of legal entities that have been dissolved are to be reverted." If the Articles of Incorporation or the Act of Endowment fail to specify how assets are to be disposed of, "it should be decided by the General Assembly or the Board of Councilors." In case the Assembly or the Board fail to specify how assets are to be disposed of, the National Government will take in the assets.

In addition, Public Benefit Associations and Foundations must specify in their Articles of Incorporation how remaining assets for public benefit activities will be distributed in case they lose their public benefit status. The Law on Public Benefit Associations and Foundations states that donations of remaining assets for public benefit activities can be made to:

- a school corporation established under the Private Schools Law;
- a social welfare organization established under the Social Welfare Services Law;
- a relief and rehabilitation enterprise created under the Relief and Rehabilitation Enterprise Law;
- an independent administrative institution created under the Independent and Administrative Institution Law;
- a National University Corporation under the National University Corporation Law;
- or a local independent administrative institution under the Local Independent Administrative Institution Law.

(Law on Public Benefit Associations and Foundations, Article 5(17))

Upon dissolution of an SNC, remaining assets are distributed pursuant to the organization's statutes, providing that the recipient is another SNC or is one of the following entities:

- the national government or a local public organization;
- a corporation established under the provisions of Article 34 of the Civil Code;
- a school corporation established under the Private Schools Law;
- a social welfare organization established under the Social Welfare Services Law; or
- a relief and rehabilitation enterprise created under the Relief and Rehabilitation Enterprise Law.

(SNC Law, Article 11(3))

If an SNC has not identified an eligible recipient organization, its assets may be transferred to the national government or a local public organization (The Law to Promote Specified Nonprofit Activities, Article 32). Any assets that are not otherwise distributed pursuant to these procedures are assigned to the national Treasury. (Id.)

Organizations Authorized by Special Laws Arising Under Civil Code Article 34 are generally governed by legislation requiring them to assign remaining assets for public benefit purposes or to the government. Schools organized under the Private Schools Law must assign their remaining assets to other schools or those that are engaged in education (The Private Schools Law, Article 30.3). Social welfare organizations are similarly required to assign their remaining assets to other social welfare organizations or those that will apply them to further social welfare (The Social Welfare Law, Article 31.3). Relief and Rehabilitation organizations are required to assign their remaining assets to relief and rehabilitation organizations engaged in regular protection under the Article 45 or relief and rehabilitation organizations engaged in temporary protection or to provision of grants for communication activities under article 47-2 (The Relief and Rehabilitation Law, Article 11.3).

## D. Activities

### 1. General

An NPO in Japan is generally permitted to engage in all lawful activities specified in its charter. Under the Civil Code 34, if a PILP wished to change the scope of its activities, and the new activities fell under the jurisdiction of another ministry, then the organization had to obtain authorization from the new ministry as if creating an entirely new organization. This requirement does not apply to associations and foundations under the Law on Associations and Foundations. On the other hand, if a Public Interest Association or Foundation wishes to change the activities relating to its public benefit status, the organization would have to notify the Committee (*Kouekitou Ninte Inkai*) of the proposed changes so it could evaluate whether the new activities are of public interest. Public Interest Associations and Foundations may engage in operations other than those relating to the public interest activities to the extent that said other operations do not interfere with the public interest activities.

SNCs are subject to the jurisdiction of only one agency, which generally allows changes of purposes within those specified by law. In addition, an SNC may engage in operations other than those relating to [the nonprofit activities listed in the law] to the extent that said other operations do not interfere with [the nonprofit activities listed in the law] ([SNC Law, Article 5\(1\)](#)). A geographic limitation, however, does apply. If an SNC regulated by one prefecture (or the equivalent) begins operations elsewhere, then regulatory authority over it will shift, and the agency gaining jurisdiction must approve the alterations to the SNC's articles of incorporation ([SNC law, Article 26\(1\)](#)).

### 2. Public Benefit Activities

Under Civil Code Article 34, each ministry decided what constituted a “public benefit” with regard to applications it received for PILP status. In the case of Public Interest Associations and Foundations, a Committee decides whether an organization's activities fall under the 22 public interest activities listed in a schedule to the law. An SNC must pursue one or more of the 17 public benefit activities listed in a schedule to the law. Most Organizations Authorized by Special Laws Arising Under Civil Code Article 34-- including Social Welfare Organizations, Educational Organizations, and Religious Corporations--pursue public benefit objectives and enjoy tax benefits. The majority of Medical Corporations, however, are not accorded tax benefits.

Three designations allow organizations to receive tax-deductible contributions: SPIPCs, Organizations Eligible for "Designated Contributions," and SNCs with National Tax Administration Approval. All three designations impose additional public benefit requirements, as discussed in Section III-B, above.

### 3. Economic Activities

All forms of NPOs are allowed to engage in profit-generating activities to the extent they do not interfere with the primary not-for-profit objectives of the organization.

If an SNC gains revenue from economic activities, the revenue must be devoted to the not-for-profit activities listed in the SNC Law ([SNC Law, Article 5\(1\)](#)).

## **E. Political Activities**

An SNC must not undertake activities "for the purpose of promoting, supporting, or opposing a political principle" or "for the purpose of recommending, supporting, or opposing a candidate ... for a public office ... or a political party" ([SNC Law, Article 2\(2\)\(ii\)](#)).

Otherwise, an NPO is allowed to engage in political activities and to support political candidates and parties, so long as such activities are a means to realize the organization's objectives. ("The standards for permitting establishment of and guidance and supervision of nonprofit organizations," Cabinet Decision, 1996.)

## **F. Discrimination**

[Article 14 of the Japanese Constitution of 1946](#) states that there "shall be no discrimination in political, economic or social relations because of race, creed, sex, social status or family origin" (Japanese Constitution of 1946, Article 14). [Article 3 of the Fundamental Law](#) of Education states: "The people shall all be given equal opportunities of receiving education according to their ability, and they shall not be subject to educational discrimination on account of race, creed, sex, social status, economic position, or family origin."

## **G. Control of Organization**

In general, no restrictions exist on the control of NPOs by other organizations, individuals, or government agencies. Nothing in Japanese law prevents a Japanese NPO from being controlled by another organization. A Japanese NPO might be established (but not owned) by a for-profit entity, which would continue to control it. A Japanese NPO likewise could be controlled but not owned by an American grantor charity; this situation would have to be disclosed in the affidavit.

## **V. Tax Laws**

In order to receive certain tax benefits, organizations must go through a separate application process with the tax authorities and satisfy particular criteria.

### **A. Tax Exemption**

In general, grants from foreign organizations to Japanese NPOs are exempt from corporate income tax, simply because only income from profit-making activities is subject to taxation. This exemption generally is automatic and nondiscretionary; this is not the case, however, for associations and foundations established for profit-making purposes.

Public Interest Associations and Foundations must pay corporate income tax on revenue from activities that are not of public interest. The rate is 30%, while revenue less than 8 million Japanese yen will be taxed at a rate of 22%. Under the Associations and Foundations Law, some associations and foundations will be taxed on revenue from profit-making activities. The rates are the same as Public Interest Associations and Foundations.

### **PILPs**

Existing PILPs must pay corporate income tax on revenue from 33 specified for-profit activities (See Articles 4 and 7 of the Corporation Tax Law). For the 33 activities, PILPs are taxed at a rate of 22 percent. In addition, PILPs are permitted to deduct up to 20 percent of income from profit-making activities if the funds are used to expand their core public interest activities. Passive income, such as interest, dividends, and investment income, is not subject to income tax if the income is used for the advancement of the organization's not-for-profit activities. PILPs may be exempt from local taxes only if their main purpose is the establishment of a museum or the pursuit of studies.

### **SNCs**

SNCs must also pay corporate income tax on revenue from 33 specified for-profit activities. The first 8 million yen are taxed at a rate of 22 percent. Any amount above that is taxed at a rate of 30 percent (The Corporation Tax Law, Articles 4 and 7). In addition, certain SNCs are allowed to deduct up to 20 percent of income from profit-making activities if the funds are used to expand their core public interest activities.

### **Organizations Authorized by Special Laws Arising Under Civil Code Article 34**

Social Welfare Corporations, Private School Corporations, and Relief and Rehabilitation Enterprises are generally subject to the tax benefits that apply to PILPs but with a few different rules. For example, they can deduct the greater of 50 percent or 2 million yen of income earned from profit-making activities. Medical Corporations, by contrast, are taxed at the full corporate tax rate, except to the extent they receive medical fees as reimbursements from the social insurance system. An exception applies to "Special Medical Corporations" (*tokutei iryo hojin*), which the Ministry of Finance has certified as being especially in the public interest. They are taxed at 22 percent on profits and receive other minor tax benefits.

## **B. Contributions to Japanese NPOs by Individuals and Corporations Based in Japan**

The ability to deduct contributions to Japanese NPOs depends on whether the recipient organization has received specific authorization from the appropriate tax authorities. Thus, no broad categories of NPOs are entitled to receive tax-deductible donations. One local expert states that, "There are no clear criteria for eligibility for tax-deductible contributions" (APPC Conference, p. 161).

In general, contributions are deductible if they are made to (i) "Special Public Interest Promoting Corporations" (SPIPCs), (ii) Organizations Eligible for "Designated Contributions" (*shitei kifukin*), or (iii) SNCs with National Tax Administration Approval.

### **1. Special Public Interest Promoting Corporations (SPIPCs)**

The largest group of NPOs eligible to receive tax-deductible donations are "Special Public Interest Promoting Corporations." SPIPCs must satisfy heightened requirements, including (i) the existence of appropriate management and accounting systems, (ii) internal provisions prohibiting the allocation of special benefits to directors or employees, and (iii) allocation of resources primarily to one of the activities in a specified list (See Article 217 (7) of the Enforcement Ordinance of the Income Tax Law). This status, however, is effective for 2 years and renewable, requiring organizations to go through the same rigorous screening process as before.

Only certain types of organizations are eligible for SPIPC status:

- Public Interest Associations and Foundations: a public interest association or foundation can qualify as an SPIPC.
- SNCs: SNCs are not eligible for SPIPC status.

- Organizations Authorized by Special Laws Arising Under Civil Code Article 34: Private School and Social Welfare Corporations are eligible for SPIPC status. Religious and Medical Corporations are not.

Contributions of individuals to SPIPCs are deductible up to 25 percent of their annual income beyond a floor of 5,000 yen. The contributions of corporations are deductible up to a ceiling (1.25 percent of income plus 0.125 percent of paid-in capital). In addition, bequests to SPIPCs are deductible from inheritance taxes.

## **2. Organizations Eligible to Receive “Designated Contributions”**

Certain Organizations Authorized by Laws Arising Under Civil Code Article 34, are eligible to seek this certification. It is conferred by the Ministry of Finance, based on numerous requirements as to how funds are to be raised and how they will be used. According to Article 78 (2)-[2] of the Income Tax Law, the contributions must be (1) raised from the public at large, and (2) used to meet urgent needs in the promotion of the public good, such as furthering education, science, culture, and welfare services. Before designating contributions as eligible for this treatment, the Ministry of Finance examines the activities to be supported, the target amount to be raised, from whom the funds will be collected, and the period during which the contributions will be raised. If the Ministry’s requirements are met, it declares that the contributions qualify as "designated contributions" eligible for deduction.

Individuals' contributions to Organizations Eligible to Receive "Designated Contributions" are deductible up to 25 percent of their annual income beyond a floor of 5,000 yen. The contributions of corporations are deductible without limitation.

## **3. SNCs with National Tax Administration Approval**

Provisions in the Fiscal Year 2001 Tax Reform allow SNCs to acquire tax-deductible status if they meet certain conditions. In order for contributions to be tax deductible, SNCs must apply to the National Tax Administration and satisfy a list of requirements, including demonstrating that they receive at least one-fifth of all revenues from qualifying contributions, with various limits on the amounts and sources necessary for contributions to be deemed qualifying (SNC Law, article 46-2).

Contributions of individuals to SNCs with National Tax Administration Approval are deductible up to 25 percent of their annual income beyond a floor of 5,000 yen. The contributions of corporations are deductible up to a ceiling (1.25 percent of income plus 0.125 percent of paid-in capital).

This status, however, is effective for 2 years and renewable.

As of April 2010, only 127 of the 41,154 SNCs have attained tax-deductible status.

## **C. Value Added Tax**

The standard VAT rate in Japan is 5 percent. The relatively narrow range of nontaxable imports includes certain textbooks and certain equipment for use by the handicapped.

## **D. Double Tax Treaties**

A double tax treaty is in effect between the United States and Japan.

# **VI. Knowledgeable Contacts**

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See also the website of the Japan Association of Charitable Organizations:

[http://www.kohokyo.or.jp/english/eng\\_index.html](http://www.kohokyo.or.jp/english/eng_index.html)

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## Footnotes

[1] This Note generally excludes the following types of organizations: those not-for-profit entities established as conventional corporations under Article 35 due to the difficulties of incorporating a PILP under Article 34; neighborhood associations; a relatively small number of public charitable trusts formed under a 1923 law; associations without legal status; and cooperatives.

[2] Under the prior framework, the responsible government agency decided whether *Koeki Houjin*, or PILPs, should obtain legal personality and later oversaw the activities of these organizations.