

Documentary Supplement

A. Original Cabinet decision to introduce reforms

REFORM OF THE SYSTEM OF PUBLIC BENEFIT JURISTIC PERSONS

(Provisional translation)

Cabinet Decision

March 29, 2002

1. With a view to positioning nonprofit activities positively within the socioeconomic system in line with recent developments in socioeconomic conditions, as well as dealing appropriately with various problems pointed out in connection with public benefit juristic persons (i.e., corporations established under the provisions of Article 34 of the Civil Code), there will be a radical and systematic review of the system of public benefit juristic persons, including related systems (NPOs, nonprofit mutual benefit corporations, charitable trusts, taxation, etc.).
2. This review will be organized by the Cabinet Secretariat, which will arrange a system for promotion and, with the cooperation of related ministries and experts from the private sector, will formulate “Guidelines for Reform of the System of Public Benefit Juristic Persons, etc.” (tentative title) during FY2002. This document will clarify the basic framework, schedule, and other factors concerning reform. Legal and other measures needed to implement this are to be established by the end of FY2005.

B. Second document released in the reform process

PERSPECTIVES & PROBLEMS FOR A SWEEPING REFORM OF THE SYSTEM OF PUBLIC BENEFIT JURISTIC PERSONS (OUTLINE)

(Provisional translation)

APRIL 2, 2002

Administrative Reform Promotion Office

Cabinet Secretariat

1. Purpose of the reform
 - To establish a socioeconomic system that promotes private-sector nonprofit activities.
 - o It has become difficult to adequately address the diversified needs of the people through administrative and commercial sectors alone. Private-sector nonprofit activities will thus be positioned positively and developed with flexibility and mobility.
 - Providing fine-tuned services that address diverse public needs
 - Building a stable and energetic society
 - Contributing to the creation of “mini-government” (“administrative reform”)
 - The importance of reviewing the system of public benefit juristic persons
 - o The system of public benefit juristic persons should be reconstructed to meet the demands of the times, in view of so-called “system fatigue” and opinions that the system should be reviewed—including its possible abolition.
2. Directions for reform of the system of public benefit juristic persons

(Basic principles)

- A review of administrative involvement in the establishment, operation, etc., of corporations, after clarifying the conditions for establishing corporations, the standards for judging them, and the rules on which their operation, etc., should be based.
- A system that facilitates proper and autonomous activities by corporations.

(Approach)

- A zero-based review of the system of public benefit juristic persons in line with Article 34 of the Civil Code.
- Debate focusing on the system of authorization for establishment.
- Comparative study and coordination with the systems of NPOs and nonprofit mutual benefit corporations.
- Reference to case examples in other countries.

(Key points for study)

ESTABLISHMENT OF CORPORATIONS

- The current system of authorization for establishment at the discretion of competent ministries will be reviewed from scratch.
- Establishment standards will be clarified and published, and establishment procedures simplified as far as possible.

GUIDANCE & SUPERVISION

- Guidance and supervision by competent ministries will be reviewed. When given, guidance and supervision will be limited and subject to clear criteria.

GOVERNANCE, DISCLOSURE

- Desirable forms of governance and disclosure in line with the review of corporate establishment.

TAXATION SYSTEM

- Future directions for acquisition of corporate status and tax privileges, a fair balance with profit-making corporations and others (particularly in cases when there is a large proportion of revenue-earning business), in conjunction with the zero-based review of the system of authorization for establishment.
- Transition (conversion).
- Legal and tax treatment of transitions (conversions) to nonprofit mutual benefit corporations and profit-making corporations.

PUBLIC BENEFIT JURISTIC PERSONS THROUGH ADMINISTRATIVE COMMISSION

- Account should be taken of criticisms, including that public benefit juristic persons should not handle surrogate administrative functions and that there is unfairness vis-à-vis profit-making corporations and others in terms of market participation.

C. Third document released in reform process

OUTLINE OF PROGRAM TOWARD A SWEEPING REFORM OF THE SYSTEM OF PUBLIC BENEFIT JURISTIC PERSONS

(Enumeration of Key Points)

(Provisional translation)

August 2, 2002

Administrative Reform Promotion Office

Cabinet Secretariat

1. Background

Following a Cabinet Decision on March 29, 2002, to implement a radical and systematic review of the system of public benefit juristic persons, including related systems, the requisite preparatory work is now underway. The key points in connection with sweeping reform are enumerated herein, partly based on the results of six hearings featuring 27 experts between April and June.

2. Content

THE NEED FOR A SWEEPING REFORM OF THE SYSTEM OF PUBLIC BENEFIT JURISTIC PERSONS

The system of public benefit juristic persons has not been radically reviewed since it started more than 100 years ago. To the contrary, some have pointed out that the system architecture has been made more complicated by the creation of corporation systems based on special laws, as well as by the enactment of the NPO Law and the Nonprofit Mutual Benefit Corporations Law. Moreover, although public benefit juristic persons have played a certain role as representative bodies taking care of private-sector nonprofit activities, they have also been subject to criticism concerning their style of operation, guidance and supervision, governance, and other matters. This includes the issue of authorization for establishment and the general powers of guidance and supervision by competent ministries and agencies.

Therefore, bearing in mind that the Commercial Code (the basic law governing profit-making corporations) has been greatly revised in recent years and that repeated resolutions have been passed by the Diet, the system of public benefit juristic persons, including related systems, should now be radically and systematically reviewed and rebuilt as a nonprofit corporation system that can truly meet the demands of the times.

THE IDEAL SHAPE OF THE NONPROFIT CORPORATION SYSTEM

The ideal shape of the nonprofit corporation system should have the attributes of simplicity, objectivity, autonomy, transparency, and flexibility.

Directions for reform of the nonprofit corporation system

(1) Classification of corporations, etc.

a. Reform pattern (pattern for basic study)

The categories of public benefit juristic persons and nonprofit mutual benefit corporations would be merged into the single category of “nonprofit corporations” (tentative name), and corporate status would be acquired simply through company registration (rule-based principle).

The judgment of public benefit nature could be made only with respect to the application of taxation law, and not via the corporate system. Alternatively, the corporate system could also include the concept of public benefit nature.

b. Reform pattern (pattern for reference)

Corporations could be classified into two types, namely “nonprofit and public benefit corporations” (tentative name) for those with a public benefit nature, and “nonprofit mutual benefit corporations” (tentative name) for nonprofit, non-public benefit corporations (existing nonprofit mutual benefit corporations).

Acquisition of corporate status would be through authorization by administrative agencies in the case of “nonprofit and public benefit corporations” (authorization-based principle), and by company registration alone for “nonprofit mutual benefit corporations” (rule-based principle).

(2) Ensuring proper operation

- a. Establishing self-governance (a system of corporate autonomy).
- b. Establishing a disclosure system.
- c. Conversion to a post-facto checking system, etc.

(3) Taxation measures

Studies involving radical examination will be promoted by the Ministry of Finance, the Ministry of Public Management, Home Affairs, Posts and Telecommunications, and other related ministries, to ensure that basic directions can be indicated before the formulation of “Guidelines for Reform of the System of Public Benefit Juristic Persons, etc.” (tentative title) during FY2002.

In conjunction with this review of the corporate system, new taxation measures related to charitable donations also need to be studied, partly with a view to fostering a “charitable donation culture.”

(4) Transition of existing public benefit juristic persons to other corporate categories

Existing public benefit juristic persons will need to be reorganized in line with the post-reform shape of the system of nonprofit corporations. When doing so, a fair and rational system of transition will have to be constructed to ensure that no improper gains can be made from the succession of assets.

3. Future schedule

- (1) Publication scheduled for Friday, August 2 (enumeration of key points only; no Cabinet Decision status).
- (2) For 40 days after publication, opinions will be invited from experts, related parties, etc.
- (3) Formulation of “Guidelines for Reform of the System of Public Benefit Juristic Persons, etc.” (tentative title) by the end of this fiscal year (March 2003).

[Ministry of Public Management, Home Affairs, Posts, and Telecommunications]

D. Fourth document released in reform process -- Cabinet decision of June 27, 2003 (not available in English)

E. Fifth document released in reform process

Report of the "Expert Meeting on Reform of the Public Interest Corporation System"

November 19,
2004

In accordance with the "Basic Principles on Radical Reform of the Public Interest Corporation System" determined by the Cabinet in June 2003, a report was prepared on the "Expert Meeting on Reform of the Public Interest Corporation System," which was held by the Minister in Charge of Administrative Reform. The summary of the report is as follows.

1. Significance of the Reform

(1) Basic recognition

The private non-profit sector plays an important role and its development in society is seen as desirable. However, various issues have recently been raised as to public interest corporations, which have played a leading part in the private non-profit sector, such as the cumbersome procedures for establishing corporations due to the requirement of discretionary permission *from* the competent authorities, the unclear criteria for judging public benefit of corporations, and the continued existence of public interest corporations that look like profit making corporations.

(2) Basic principles

Thoroughly review the current system *under* which the competent authorities have the initiative, and create a new non-profit corporation system.

[1] Create a general non-profit corporation system under which a corporation will be given the status of a juristic person and established simply by complying with the general rules or completing registration, irrespective of whether or not the corporation is of benefit to the public.

Provide more opportunities to obtain the status of a juristic person, thereby encouraging non-profit corporations to engage in a wider range of activities.

[2] Create a scheme in which a new entity judges general non-profit corporations, which satisfy certain requirements, to be public interest nonprofit corporations.

Promote sound development of public benefit activities in the private non-profit sector.

2. System for General Non--Profit Corporations

(1) General rules

General nonprofit corporations will be established in the form of incorporated associations

(*shadan-houjin*) or incorporated foundations (*zaidan-houjin*).

The procedures for a dissolution order by the court and for liquidation of dormant corporations will be provided.

(2) System for non-profit corporations in the form of incorporated associations

A corporation in the form of an incorporated association may be established if there are at least two members without the minimum requirement for its financial base.

There will be no particular restrictions on the activities of a corporation.

A corporation in the form of an incorporated association shall have a general meeting of members and directors, and may also have a board of directors and an auditor.

- The responsibility of the directors and auditor shall be clearly set out. The procedures to be followed by members when filing a representative suit will also be provided.

A corporation in the form of an incorporated association *may* choose to receive contributions from members or third parties.

(3) System for non-profit corporations in the form of incorporated foundations

A non-profit corporation in the form of an incorporated foundation shall hold assets of at least 3 million yen (upon establishment and during existence).

A non-profit corporation in the form of an incorporated foundation shall have a board of directors, a council in charge of checking and supervising directors in the performance of their duties, and an auditor.

(4) Others

A corporation of a certain size shall be subjected to an audit (to be further discussed).

A general non-profit corporation shall establish necessary provisions on general disclosure of financial conditions, change of articles of incorporation or act of endowment, dissolution, merger, liquidation, and other matters.

Intermediate corporations will fall under the category of non-profit corporations in the form of incorporated associations, and therefore the intermediate corporation system will be abolished (necessary transitional measures will be provided).

3. Ideal Scheme for Judging Public Benefit of Corporations

(1) Entity authorized to judge

On the national level: A committee will be established, with experts in the private sector as committee members, by a particular minister who is capable of judging independently from the current competent authorities. The committee will be in charge of judging whether corporations are of benefit to the public.

➤ Major functions of the entity authorized to judge will include: [1] judging whether corporations are of benefit to the public; [2] conducting follow-up checks (supervision); [3] dealing with complaints.

✍ Deliberative and administrative organizations will be established as necessary.

✍ The committee should be capable of judge whether the activities in various fields are of benefit to the public from an expert's perspective.

On the local level: Prefectural governments will also have an entity authorized to judge, which functions in a similar manner as the national entity authorized to judge.

The local entity authorized to judge shall judge public benefit of corporations while

giving due consideration to opinions of inhabitants. Consistency should be ensured between the prefectural level and the national level with respect to the judgment on public benefits of corporations.

(2) Judgment requirements

Judgment requirements should be as objective and clear as possible in terms of the purpose, activities, and compliance of corporations, in accordance with the current “Standards on Permission for Establishment and Supervisory Guidance of Public Interest Corporations.” The primary purpose of public interest non-profit corporations shall be to make active efforts to realize the interest of the general public (pursuing the common interests of corporation members will be allowed as long as it is set as a secondary purpose).

Requirements in terms of activities of corporations will be established so as to provide for specific public benefit activities as appropriate. Such requirements will also include the following.

- ✍ Public benefit activities of a corporation shall account for the majority of the corporation's overall activities.
- ✍ Public benefit activities shall not interfere with activities conducted by profit-making companies.
- ✍ Profits earned from profit-making activities shall be used, in principle, only for the public benefit activities.

Necessary requirements will also be established in terms of compliance of corporations so as to design a scheme for non-profit corporations that are satisfactorily in compliance to engage in public benefit activities. Such requirements will include the following.

- ✍ The percentage of people of the same family in the seats of directors or council members shall be limited.
- ✍ Entities entitled to surplus assets of a liquidated corporation shall be limited to other similar public interest corporations, national and local governments, etc.
- ✍ Corporations shall not retain more funds than required.
- ✍ Corporations shall be restricted from holding stocks.

(3) Measures to assure appropriate management

Corporations shall have a board of directors and an auditor, for the purpose of providing appropriate governance.

Information disclosure

- ✍ Corporations shall disclose information to the general public with the use of the Internet, while giving due consideration to the protection of privacy.
- ✍ Matters to be disclosed will include matters relating to operations and financial conditions, matters relating to the requirements for judging public benefit, and matters that should be subject to public inspection such as director remuneration and management costs.
- ✍ The entity authorized to judge shall also collect information disclosed by corporations, compile a nationwide database of such information, and make it available to the general public with the use of the Internet.

Follow-up checks (supervision)

- ✍ Necessary supervisory measures will be taken as appropriate in accordance with

clearer rules. Such measures will include the requirement of receiving periodic activity reports, conducting on-site inspections, issuing orders, and revoking judgments on public benefit.

- ✍ A scheme for examining public benefits of corporations periodically based on their actual activities will be introduced.

(4) Others

The system for specified non-profit activity corporations will continue to function.

4. Ideal Transition of existing public interest corporations to be included in the coverage of the new system

Giving due consideration to the fact that existing public interest corporations have provided people with public benefit through their activities, fair and reasonable standards and procedures for transition will be clearly indicated and sufficient time will be taken for transition, with the aim of achieving smooth transition into the new system.

Consideration should also be given to facilitating the procedures and operations for transition so that they will not interfere with existing corporations continuing their activities.

Whether or not existing corporations may become public interest non-profit corporations will be judged by the new entity authorized to judge in accordance with certain standards.

Corporations that should not become public interest non-profit corporations will basically become general non-profit corporations.

F. Sixth document released in reform process

Future Policies for Administrative Reforms (Excerpt)

Cabinet Decision of December 24, 2004

(1. – 6. omitted)

7. Radical Reform of the Public Interest Corporation System

In light of the importance of radical reform of the current system for public interest corporations (incorporated associations and (*shadan houjin*) and incorporated foundations (*zaidan houjin*) under Article 34 of the Civil Code; hereinafter the same) from the perspective of reviewing the conventional form of administration, the government will abolish the current requirement of permission for establishment from competent authorities, and will take other necessary measures to constantly carry out the reform in accordance with the “Basic Principles on Radical Reform of the Public Interest Corporation System” (Cabinet Decision on June 27, 2003), with

the goal of building a highly transparent and innovative scheme that is suitable for Japanese society and economy in the 21st century.

To achieve this goal, a basic framework has been developed, as indicated in Exhibit 3, with respect to the system for general non-profit corporations, the scheme for judging public interest non-profit corporations, and the transition of existing public interest corporations to be included in the coverage of the new system. The government will discuss these issues in more detail and aim to submit a necessary bill at an ordinary session of the Diet in 2006.

Exhibit 3

Basic Framework for Reform of the Public Interest Corporation System

In accordance with the “Basic Principles on Radical Reform of the Public Interest Corporation System” (Cabinet Decision on June 27, 2003), a basic framework for the reform of the public interest corporation system has been developed as follows.

1. Direction of the Reform

(1) Purpose of the reform

In Japan, as individual value judgments and social needs have diversified, it has become important to cause non-profit entities in the private sector, which are capable of providing a variety of services in response to social needs that cannot be satisfied by the administrative sector or private profit making sector, to play an active role in the social and economic system.

The current system for public interest corporations (incorporated associations (*shadan-hojin*) and incorporated foundations (*zaidan-hojin*) under Article 34 of the Civil Code; hereinafter the same) has not gone through a fundamental review for more than 100 years since the Civil Code was enacted. Although the current system has played a significant role in history, it has recently been receiving various criticisms and unfavorable opinions that point out the cumbersome procedures for establishing corporations due to the requirement of permission from competent authorities, the unclear criteria for judging whether corporations are of benefit to the public, and the continued existence of public interest corporations that look like profit making corporations.

Under such circumstances, it is important to fundamentally review the current public interest corporation system in order to resolve these issues as appropriate, thereby promoting sound development of activities of non-profit entities in the private sector.

(2) Basic mechanism

The current requirement of permission for the establishment of a public interest corporation will be abolished, and a new system will be created as a general non-profit corporation system under which a corporation will be given the status of a juristic person and established simply by complying with the general rules or completing registration, irrespective of whether or not the corporation is of benefit to the public.

The discretionary granting by competent authorities of permission for the establishment of public interest corporations will also be fundamentally reviewed, and a new scheme will be created in which permission will be granted for the establishment of

a general nonprofit corporation based on the opinions of a committee, which will consist of experts in the private sector, as to whether or not the objectives and activities of the corporation are of benefit to the public.

2. System for General Non Profit Corporations

(1) General rules

General non-profit corporations will be established in the form of incorporated associations (*zhadan hojin*) or incorporated foundations (*zaidan hojin*), depending on the status of the juristic person given to the corporation.

For the purpose of preventing abuse of the corporation system under which corporations may be established simply by complying with the general rules or completing registration, the procedures for a dissolution order and for liquidation of dormant corporations, which are applicable to incorporated companies (*kabushiki Icaisha*), will also be provided.

(2) System for non-profit corporations in the form of incorporated associations

For the purpose of promoting free and dynamic activities of people who intend to act as a non-profit entity, a corporation in the form of an incorporated association may be established if there are at least two members, without the minimum requirement for its financial base. There will be no particular restrictions on the activities of a corporation so that it will be able to engage in a wide range of activities including those of benefit to the public.

In order to assure autonomous management of a corporation, a corporation in the form of an incorporated association shall have a general meeting of members and directors, and may also have a board of directors and an auditor in its articles of incorporations.

In addition, with the aim of realizing appropriate management of a corporation, a corporation in the form of an incorporated association shall establish provisions on the responsibility of directors to the corporation or a third party, the procedures to be followed by members when filing a representative suit, and the general system for disclosure of the corporation's financial conditions, so that it will be able to achieve autonomous governance to the same level as an incorporated company.

A corporation in *the form* of an incorporated association may choose to receive contributions from members or third parties in order to raise funds and secure its financial base while maintaining its status as a non-profit entity.

(3) System for non-profit corporations in the form of incorporated foundations

For the purpose of promoting effective use of property in society according to the will of the founder, a corporation in the form of an incorporated foundation may be established with requisite minimum assets. Discussion will be carried out on whether or not restrictions should be imposed on the purpose and activities of a corporation.

In order to assure autonomous management of a corporation while respecting the will of the founder, a corporation in the form of an incorporated foundation shall have a new type of organ in charge of checking and supervising directors in *performance* of their duties (a council). Furthermore, it shall have a board of

directors and an auditor. Also, with the aim of providing appropriate management of a corporation, a corporation in the form of an incorporated foundation shall establish provisions on the responsibility of directors to the corporation or a third party and the general system for disclosure of the corporation's financial conditions, as in the case of a corporation in the form of an incorporated association.

(4) Others

A general nonprofit corporation shall establish necessary provisions on the change of articles of incorporation or act of endowment, merger, dissolution, liquidation, and other matters, in addition to those mentioned above.

A corporation of a certain size shall be subjected to an audit (to be further discussed).

Intermediate corporations will fall under the category of non-profit corporations in the form of incorporated associations, and therefore the intermediate corporation system will be abolished and necessary transitional measures will be implemented.

3. Scheme for judging public interest non-profit corporations

According to the following principles, specific measures will be taken to design a scheme for nonprofit corporations that are satisfactorily in compliance to engage in public benefit activities.

The system for specified non-profit activity corporations will continue to exist.

(1) Entity authorized to judge

A committee will be established within the Cabinet as an entity authorized to judge independently from the current competent authorities, with experts in the private sector as committee members. The committee will judge whether or not the purpose and activities of a general nonprofit corporation is of benefit to the public. In order to ensure that the committee properly and promptly performs its duties, including conducting follow-up checks and dealing with complaints, necessary measures will be taken to develop its administration, and discussion will be carried out on how to judge whether the activities in various fields are of benefit to the public from an expert's perspectives.

Non-profit corporations that act in particular regions will be, in principle, judged and handled by the prefectural governors concerned. To this end, prefectural governments will also have a judgment system, functioning in a similar manner as the national system, so as to ensure consistency between the prefectural level and the national level with respect to the judgment of public benefits of corporations.

(2) Judgment requirements

Judgment requirements will be developed in accordance with the current "Standards on Permission for Establishment and Supervisory Guidance of Public Interest Corporations" (Cabinet Decision on September 20, 1996; hereinafter referred to as the "Standards for Supervisory Guidance"). The requirements should be clear and allow for the least amount of discretion in judging the purpose, activities, and compliance of corporations as possible.

The primary purpose of public interest non-profit corporations (hereinafter referred to as "corporations" in (2) and (3)) shall be to make active efforts to realize the interests of the general public, while pursuing the common interests of corporation members is allowed as long as they are set as a secondary purpose (to be further discussed).

Necessary requirements will be established in terms of activities of corporations so as to provide for specific public benefit activities as appropriate. Such requirements include: public benefit activities of a corporation shall account for the majority of the corporation's overall activities; profits earned from profit-making activities that are conducted in association with public benefit activities shall be used, in principle, only for public benefit activities; public benefit activities shall not interfere with activities conducted by profit making companies (to be further discussed).

Necessary requirements will also be established in terms of compliance of corporations. Such requirements will include: the percentage of people of the same family in the seats of directors or council members shall be limited; entities entitled to surplus assets of a liquidated corporation shall be limited to other similar public interest corporations, national and local governments, etc.; corporations shall not retain more funds than required for conducting public benefit activities in the future; corporations shall be, in principle, prohibited from holding stocks except for the purpose of asset management (to be further discussed).

(3) Measures to assure appropriate management

Corporations shall have a board of directors and an auditor, for the purpose of providing appropriate governance.

Disclosure of information about the organization and operations of corporations to the general public will be promoted with the use of the Internet, while giving due consideration to the protection of privacy. Matters to be disclosed will include not only matters relating to operations and financial conditions, as required under the current Standards for Supervisory Guidance, but also matters relating to the requirements for judging public benefit, matters relating to director remuneration, and matters that are desired to be disclosed for the purpose of assuring appropriate management of corporations such as management costs (to be further discussed). The entity authorized to judge shall also collect information disclosed by corporations and make it available to the general public *in an* easy-to-understand manner, with the use of the Internet.

The entity authorized to judge will also take necessary supervisory measures as appropriate in accordance with clearer rules. Such measures will include the requirement of receiving periodic activity reports, conducting on-site inspection, issuing orders, and revoking judgments on public benefit (to be further discussed). The entity authorized to judge will also be in charge of examining public benefit of corporations periodically based on their actual activities.

4. Others

(1) Transition of existing public interest corporations to be included in the coverage of the new system

When implementing transition of existing public interest corporations to be included in the coverage of the new system, necessary measures will be taken for the purpose of promoting smooth transition of existing public interest corporations to be included in the coverage of the new system in a fair and reasonable manner, while giving due consideration to the fact that existing public interest corporations have provided people with public benefits through their activities. Such necessary measures will include taking sufficient time for preparation and transition and establishing simple and smooth procedures for organizational change.

Existing public interest corporations that the new authorized entity judges to be in conformity to certain standards according to the requirements for judging public benefit will become public interest non-profit corporations through simple procedures, whereas those that are judged not to be in conformity to the standards or those that do not desire to become public interest non-profit corporations will basically become general non-profit corporations (corporations under the general non-profit corporation system, which are judged not to be of benefit to the public). Discussion will continue on fair and reasonable standards and procedures according to this principle.

Transition to the new system will be implemented by the new entity authorized to judge. The Cabinet Secretariat, the Ministry of Internal Affairs and Communications, and the competent authorities for public interest corporations will also prepare for discussion on the transition policy as necessary.

(2) Future schedule

In accordance with this basic framework, the Cabinet Secretariat will discuss specific legislative measures in cooperation with the ministries and agencies concerned. The competent ministries will discuss taxation measures from a technical perspective in accordance with the “Basic Principles on Radical Reform of the Public Interest Corporation System” (Cabinet Decision on June 27, 2003). Through these efforts, the government aims to submit a necessary bill at an ordinary session of the Diet in 2006. The Cabinet Secretariat will also launch preparative efforts, in cooperation with the Ministry of Internal Affairs and Communications, and the competent authorities of public interest corporations, to achieve steady and smooth enforcement of the new non-profit corporation system.

G. Seventh document released in reform process – Tax Commission initial report (not available in English); the gist of the recommendations is discussed above.

H. Eighth document released in the reform process

Concept of legislation released December 26, 2004 – not available in English. The basic principles of the legislation include three sections: A ‘Not-for-Profit Corporations Law;’ a “Charitable Status Recognition Law;” and a law governing conversions of existing public benefit corporations to new not-for-profit charitable corporations.

I. Ninth document in the reform process

Legislation as passed by the Diet on May 26, 2006; only one act is available in English. This is the “Authorization Act,” Act No. 49 of 2006, *available at* <http://www.cas.go.jp/jp/seisaku/hourei/data/AAP11.pdf>.