

Tax Incentives Under the New Public Interest Corporation System

	Public Interest Corporations	General Corporations	
		Non-Profit Type	Others
Taxable	Income from 34 Specified for-profit activities taxable ◇ Even for-profit activities are tax-exempt if included in authorised “Public Interest” activities,	Income from 34 Specified for-profit Activities Taxable	All Income Taxable
“Deemed Donations”^(*)	Available	Not Available	Not Available
Exemption of Income Tax Withholding on Interest and Dividends	Tax-Exempt	None	None
Tax Deduction for Donations	【Individuals】 Income deduction (for all PICs) or tax credit (for PICs meeting certain criteria) ^(**) 【Corporations】 Tax write-off, to a limit of a certain amount calculated from income, capital amounts, etc. ^(***)	None	None

* “Deemed Donations” allow corporations to get a certain amount of tax write-offs based on the tax laws. Public Interest Corporations (PICs) may write off the amount of money larger than either 50% of income, or the amount necessary for Public Interest Activities.

** For donations to all PICs, “amount donated – 2,000 yen” is eligible for a deduction from taxable income (up to the limit of 40% of income). For donations to PICs meeting certain criteria required by the tax laws such as “proven to be supported by citizens (‘Public Support Test’)”, “(amount donated – 2,000 yen) x 40%” is eligible for deduction from income tax (up to the limit of 25% of income tax). As such, tax credit could be effective even on a small donation.

*** In addition to the tax write-off limit $\{(Income\ amount \times 2.5\% + the\ amount\ of\ capital\ etc. \times 0.25\%) \times 0.25\}$ for general donations, a special tax write-off limit $\{(Income\ amount \times 6.25\% + the\ amount\ of\ capital\ etc. \times 0.375\%) \times 0.5\}$ is available for donations to all PICs.