

**Fundamental reforms on Nonprofit organizations in Japan as an example from the international point of linguapolitics**

**Masayuki Deguchi**

**MINPAKU & SOKENDAI**

It is not difficult to agree that public benefit organizations (PBOs) are encouraged by legal and tax system. The distinction, however, between PBOs and mutual benefit organizations (MBOs) is somewhat arbitrary (Irish, Kushen and Simon 2004). One of the big issues is the way how to judge whether an organization is for public purpose or not. The innovative approach for this question is considered as the commission or the third party determining organization. The most famous example is the Charity Commission of England and Wales, and other countries including Canada, Moldova, Poland and Latvia follow the stream (Moore 2006).

Legal system on Japan's nonprofit and nongovernmental organization launched in 1896 as *koeki-hojin* (public interest corporation) under the Civil Code. Since then, 110 years had passed, generally speaking, without any fundamental revision. New laws of reforms on *koeki-hojin* have been enacted in 2006 and will be enforced on 1st December 2008.

This paper traces the great reforms from international comparative point of view, because the main characteristic of the reforms is to start third party determination organization; Public Interest Corporation Commission (PICC) like Charity Commission in England. There remains, born in 1998, *tokutei-hieiri-katsudo hojin* (Specific Nonprofit Activity Corporations) which is adopted Public Support Test (PST) from the US as criteria for tax deduction. *Tokutei-hieiri-katsudo hojin* after the Kobe earthquake in 1995 is often referred as a landmark of Japanese civil society (Pekkanen 2000, Deguchi 2001). As the result of this, Japan has two general systems influenced by USA and UK.

The Japan's nonprofit organizations will be able to be easily established as *ippan-shadan* (General Association) or *ippan-zaidan* (General Foundation) under the new Civil Code other than *Tokutei-hieiri-katsudo hojin*. *Ippan-shadan* is a non-profit-distributing association which is established when two or more members prepare the articles of incorporation and register the establishment.

*Ippan-zaidan* is a non-profit-distributing foundation which is required to possess net assets worth 3 million JPY (some 30,000 US\$) or more at the time of establishment and during its existence.

If their activities are for public purpose, they can be identified as *koeki-shadan* (Public Interest Association) or *koeki-zaidan* (Public Interest Foundation) by PICC. They

will be called *koeki-hojin*(Public Interest Corporation) as a whole again.

In the second place, this paper explains the epoch making tax reform related to changing of the legal framework. A new *koeki-hojin* will be planned to take tax exempt and tax deductible status..

Thirdly, from international comparative points of view, the coming system is reviewed similarities and differences from other countries; governance, autonomies, and regulations.

Fourthly, according to new theory of linguapolitics, this paper makes clear that the reform sharply focuses on domestic matters even if the reforms are strongly affected by overseas. Linguapolitics is an interdisciplinary science to research political, social or cultural effects before and after choosing one or plural “languages” in a situation that plural languages should be available. Languages here mean all sets of patterned signs which are input to information-processing equipment like human brain. Therefore, languages include not only spoken language but also any other form including Braille, sign language and computer character codes. (Deguchi 2005, Deguchi et. al ed. 2008) Even if the new *koeki-hojin* is nongovernmental and free from the border theoretically, the new laws block NGOs in the linguapolitical border.

#### Reference

Deguchi M. 2001 “The distortion between institutionalized and noninstitutionalized NPO: New Policy Initiative and the Nonprofit Organizations in Japan” Helmut K. Anheier, Jeremy Kendall ed. “Third Sector Policy at the Crossroads: An international nonprofit analysis” Routledge, London and New York pp277-301

Deguchi, Dhakal G., Dhakal T.N. ed 2008 Conflicts vs. Social Harmony: Non-profit Sector Matter Aggreplanning

Pekkanen, R. 2000 Japan's new politics: The case of the NPO Law Journal of Japanese Studies, 26 (1), pp. 111-142

Simon, Karla W. et al 2004 Guidelines for laws affecting civic organizations, Central European University Press; 2nd edition