Giving Trend in Japan

Trend of Individual Giving・Membership・Number of Donors・Donor Percentage Against Population

Financial Year: January to December in 2009 – 2016, Both genders from 20 to 79 years old

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Giving</th>
<th>Membership</th>
<th>Number of Donors Percentage Against Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>JPY 775.6 billion</td>
<td>JPY 232.8 billion</td>
<td>45.71 million 45.4%</td>
</tr>
<tr>
<td>2015</td>
<td>JPY 740.9 billion</td>
<td>JPY 312.9 billion</td>
<td>44.10 million 43.6%</td>
</tr>
<tr>
<td>2014</td>
<td>JPY 693.1 billion</td>
<td>JPY 322.7 billion</td>
<td>47.59 million 46.7%</td>
</tr>
<tr>
<td>2013</td>
<td>JPY 1018.2 billion</td>
<td>JPY 319 billion</td>
<td>70.26 million 68.6%</td>
</tr>
<tr>
<td>2012</td>
<td>JPY 487.4 billion</td>
<td>JPY 236.2 billion</td>
<td>37.33 million 33.7%</td>
</tr>
<tr>
<td>2009</td>
<td>JPY 545.5 billion</td>
<td>JPY 375.5 billion</td>
<td>37.66 million 34.0%</td>
</tr>
</tbody>
</table>

Trend of Corporate Giving

Financial Year: April to March

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate Giving</th>
<th>Number of Donor Companies / Percentage against Total Current Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>JPY 790.9 billion</td>
<td>1.38%</td>
</tr>
<tr>
<td>2015</td>
<td>JPY 710.3 billion</td>
<td>1.32%</td>
</tr>
<tr>
<td>2014</td>
<td>JPY 698.6 billion</td>
<td>1.40%</td>
</tr>
<tr>
<td>2013</td>
<td>JPY 675.5 billion</td>
<td>1.66%</td>
</tr>
<tr>
<td>2012</td>
<td>JPY 716.8 billion</td>
<td>2.11%</td>
</tr>
<tr>
<td>2011</td>
<td>JPY 520.0 billion</td>
<td>2.14%</td>
</tr>
<tr>
<td>2010</td>
<td>JPY 695.7 billion</td>
<td>1.86%</td>
</tr>
<tr>
<td>2009</td>
<td>JPY 546.7 billion</td>
<td>1.80%</td>
</tr>
</tbody>
</table>

Trend of Grant From Foundations

<table>
<thead>
<tr>
<th>Year</th>
<th>Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>JPY 100.6 billion</td>
</tr>
<tr>
<td>2015</td>
<td>JPY 99.6 billion</td>
</tr>
<tr>
<td>2014</td>
<td>JPY 68.5 billion</td>
</tr>
<tr>
<td>2013</td>
<td>JPY 66 billion</td>
</tr>
</tbody>
</table>

Comparison of Individual Giving in 4 Countries
(Japan, South Korea, UK, USA)

Total Individual Giving and Nominal GDP Ratio (2016)

- **Japan**: JPY 775.6 billion, 0.14% Nominal GDP Ratio
- **South Korea**: JPY 673.6 billion, 0.50% Nominal GDP Ratio
- **UK**: £1 billion, 0.54% Nominal GDP Ratio
- **USA**: $1.44 trillion, 1.44% Nominal GDP Ratio
Above “Donor Personality Types” were identified and defined based on the data obtained from national survey in donation. We thank Shusaku Sasaki (Keio University), Jun Sumida (Japan Fundraising Association) and Yuichiro Naganawa (Japan Fundraising Association) for their pro bono work on the project.

For the Better World!

① Pioneers of the Future
Donors believing “I can change the Society by giving donations!” Many of them are business owners and Category 1 Donors.

② Petit Social Type
Give rather small donations to NPOs or NGOs at their own individual pace with free will.

③ The Little Heroes Type
Donors who rise to help and give at the time of disasters and emergencies. A large amount of donations was given by people in Kyushu area after the earthquake in Kumamoto in 2016.

④ Trend Savvy Type
Donors of this type are sensitive to information and trend. They quickly detect where needs are and use SNS to promote fundraising. Many are the younger generations.

Motivation for Giving

⑤ Charity Santa Type
Donors who genuinely wish to give a hand to help people in need. Many are elderly.

⑥ Community
Mothers and Fathers
Parents give to the Community to improve the Society not only for their own children but for all the future generations. Donations normally go to both NPOs in Education and community associations including children’s circles and residents’ associations.

⑦ Mutual Supporter Type
This group of donors make Category 2 Type donations from the traditional customs of mutual support at the time of difficulty. Encompasses broad age range.

Sex-Age-Donor Percentage
(By Category, Multiple Answers Allowed)
“Please refer to P.20 to 23 of “Giving Japan 2017”

Category 1
Local Improvement/Revitalization, Emergency Support, Peace, Environment, Cultural Realms, Education.

Category 2

Category 3
Hometown Tax* in Japanese, a tax reduction given to tax payers who donate to local municipalities. It is a system in Japan that allows taxpayers to contribute to rural areas in return for a credit from income tax and residence tax. Taxpayers choose the receiving jurisdiction.

Local Improvement/Revitalization, Emergency Support, Peace, Environment, Cultural Realms, Education.


Hometown Tax* in Japanese, a tax reduction given to tax payers who donate to local municipalities. It is a system in Japan that allows taxpayers to contribute to rural areas in return for a credit from income tax and residence tax. Taxpayers choose the receiving jurisdiction.

To Help Neighbors!

⑧ Mutual Supporter Type
Donors of this type make Category 2 Type donations from the traditional customs of mutual support at the time of difficulty. Encompasses broad age range.

For the Society!

⑨ Mutual Supporter Type
Donors who rise to help and give at the time of disasters and emergencies. A large amount of donations was given by people in Kyushu area after the earthquake in Kumamoto in 2016.

Parents give to the Community to improve the Society not only for their own children but for all the future generations. Donations normally go to both NPOs in Education and community associations including children’s circles and residents’ associations.

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### Policies and Systems

#### Bequest Donations

There are 3 types of Bequest Donations: donation made by the deceased’s will, donations made from inherited estates and donations made by setting up a trust. The first type of Bequest Donations by Will is a realization of the deceased’s will where a transfer of all or a part of estates owned by the deceased is made to private non-profit institutions such as NPOs, Public Interest Corporations, Education institutions and the Government and local municipalities. Donation of all or a part of inherited assets by successors is also treated as Bequest Donation while you can choose to set up a trust so that Bequest donations are given to selected non-profit organizations.

* Maybe it’s time to prepare a will... It may be a good idea to give some amount to my own town as a token of gratitude.

**Example**
- Donor: Grandfather (70s)
- Spouse: JPY 30 million
- Child: JPY 10 million (Certified NPO D)
- Friend: JPY 8 million (School C)
- Exempt from Inheritance Tax + Deduction for donation
- Exempt from Inheritance Tax

#### Donation of Real Estate

Real estate owned by individuals in Japan is valued approximately JPY 1 trillion. However, there are some complications in giving real estate especially in terms of taxation. The current taxation system deems Bequest Donations as transfer of real estate at the current prices and impose a large amount of income tax on donors for the increases in value.

* We inherited our father’s parents’ house and land but with distance and inconvenience, we left them as they were for a long time. We then investigated options to donate them to a good cause and find out...

#### Tax system for Donations

Under the current tax system, donors can receive tax deductions if given to Specified Nonprofit Corporation and Specified Public Interest Corporation (Public Interest Incorporated Foundation and Public Interest Incorporated Association, Social Welfare Corporation, Incorporated Educational Institution, Offenders Rehabilitation Act Corporation etc.). Donors benefit from the tax deduction if they file tax returns for income tax and residence tax at the end of the fiscal year. The deduction only applies to tax payers who earn income and it may not be applicable to pensioners, full-time house makers and students who do not pay income tax or residence tax.

- **Income Tax on Deemed Transfer of Real Estate**
  - Approximately JPY 6,60 million

* Information obtained from "Request on 2017 Tax Revision" by Coalition for Legislation to Support Citizen’s Organizations (C’s)

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#### Dormant Account

It refers to a “Sleeping” bank account where there has been no transaction made to and from such account for long time. To qualify Dormant Account status, there has been no transaction for 10 years or in terms of fixed-term deposit it has been due for at least 10 years and the accountholders cannot be contactable. They may be bank accounts opened when they were young or were left by the deceased. Dormant account is valued for over JPY 60 billion in Japan and utilizing it for social causes is under discussion.

**What is “Dormant Account”? What did I do with the bank accounts I opened when I was young?**


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#### Donation of Real Estate

**Income Tax on Deemed Transfer of Real Estate**

- Approximately JPY 6,60 million

**Purchase Price:** JPY 5 million

**Market Value:** JPY 35 million

**Donated Value:** 30 million (3.5 – 5 million) is deemed transfer income and to pay JPY 6.6 million (30 million x app 22%) for Income Tax?

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#### Tax system for Donations

**Max 50% TAX CREDIT**

- **REFUND**
  - **REDUCED TAX**
  - **GIVING IN TOTAL**

- **The Maximum Tax Credit:** JPY 14,000
  - (The Maximum amount for income credit: JPY 5,600)

- **Donor:** 40s Office Worker
  - Annual Income: JPY 4.2 million
  - Taxable Income: JPY 2.26 million
  - Income Tax Rate: 10%

- **40s Office Worker Foundation A**
  - JPY 8,000

- **Certified NPO B**
  - JPY 20,000

- **Social Welfare Corporation C**
  - JPY 2,000

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* Information obtained from Specified Coalition for Legislation to Support Citizen’s Organizations (C’s)