

HOUSE OF REPRESENTATIVES

H. No. 8682

BY REPRESENTATIVES SALO, HOFER, PIMENTEL, NIETO, DALIPE, REVILLA, ESCUDERO, YU, BAUTISTA-BANDIGAN, CASTRO (F.L.), UY (J.), LAZATIN, RODRIGUEZ (M.), CATAMCO, ACOSTA-ALBA, CORTUNA, MARQUEZ, GASATAYA, LACSON, EVARDONE, SIAO, TEJADA, ANTONIO, ONG (E.), GONZALES (A.D.), ELAGO, SAMBAR, ARENAS, ZUBIRI, GARCIA (G.), TUPAS, PANOTES, LEACHON, DEL MAR, GO (A.C.), GO (M.), SALON, BROSAS, SARMIENTO (E.M.), MARCOLETA, YAP (M.), SACDALAN, VILLAFUERTE, RELAMPAGOS, NAVA, TAMBUNTING, VILLARICA, CALALANG, NOGRALES (K.A.), CUA, JAVIER, ZAMORA (M.C.), SUANSING (E.), PRIMICIAS-AGABAS AND BELARO, PER COMMITTEE REPORT NO. 974

AN ACT
EXPANDING ACCESS TO EDUCATIONAL SERVICES THROUGH THE
ESTABLISHMENT AND ADMINISTRATION OF TRANSNATIONAL HIGHER
EDUCATION, AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** – This Act shall be known as the “*Transnational Higher*
2 *Education Act*”.

3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to provide
5 quality education which is relevant to the changing needs of the people and society. Higher
6 education shall serve as a principal instrument for generating productive knowledge,
7 innovation and technology to develop relevant and technical higher order skills needed to
8 compete in the knowledge economy to redound in, and ensure, resource generation.

9

1 The State recognizes that rapid developments brought about by globalization,
2 including liberalization of trade in goods and services and expanding use of information and
3 communication technologies, have created a climate for borderless teaching and learning. In
4 this light, the State shall endeavor to modernize the Philippine higher education sector, and
5 bring international quality standards and expertise into the country, with a view to making
6 higher education globally competitive, attracting a flow of talented students, faculty, and staff
7 and improving the country's human resource base.
8

9 The State shall actively encourage, promote, and accelerate the establishment of
10 transnational higher education programs, the internationalization of higher education in the
11 country, and the development of the transnational higher education sector. Further, the State
12 shall strengthen educational, cultural, social, economic, and political bonds between
13 Philippine and foreign institutions of higher learning, thereby fostering a vibrant exchange of
14 cultures, conducive to peaceful living within the global community. It shall develop
15 collaborative arrangements between and among Philippine universities and training institutes,
16 on one hand, and foreign universities, on the other, with the aim of building the capacity of
17 all partner institutions to operate, manage, and administer post-secondary and graduate
18 programs and to provide opportunities for students and learners to gain or acquire valuable
19 experiences, skills and knowledge as well as international and foreign diplomas, degrees, and
20 certificates.
21

22 **SEC. 3. *Definition of Terms.*** – As used in this Act:
23

24 a) Academic franchising – also known as “other instructional side” or “offshore location”,
25 refers to a form of transnational higher education (TNHE) whereby a higher education
26 institution (HEI), as a franchiser, from a certain country grants another institution, as a
27 franchisee, in another country the right to provide the franchiser's programs and qualification
28 requirements in the franchisee's host country, regardless of the students' origin;
29

30 b) Academic program - refers to a set of courses of study, which when completed, leads to a
31 degree;
32

33 c) Articulation – refers to an arrangement whereby students for a sub-degree in one country
34 are guaranteed advanced entry into a degree program in another country if they achieve an
35 agreed level of performance in their studies;
36

37 d) Auxiliary services - refer to services that support the delivery of educational services
38 including promotion procedures and activities, recruitment of students, admission,
39 registration, processing of payments, student orientation, and such other related activities,
40 except teaching and learning activities;
41

42 e) Awarding institution – refers to an offshore HEI that is in partnership with a local HEI
43 provider of TNHE programs and which awards a diploma or certificate of graduation solely
44 or in addition to the diploma or certificate of graduation awarded by the local partner HEI to
45 students who have completed a degree course or program in the partner local HEI;
46

47 f) Branch campus – also known as a local branch or a satellite campus, refers to a campus of
48 an HEI of another country established in the Philippines to offer its own educational
49 programs and to impose qualification requirements, regardless of the students' origin;
50

- 1 g) Distance education refers to a mode of educational delivery whereby the teacher and the
2 learner are physically separated from each other, and instruction is delivered through
3 appropriate communication technologies using specially designed materials and methods, and
4 supported by organizational and administrative arrangements and structures;
5
- 6 h) Double degree - refers to a partnership arrangement or program which leads to two (2)
7 degrees awarded by two (2) institutions;
8
- 9 i) Education services - refer to any study program, course of study or parts thereof that
10 qualifies and enables students to participate meaningfully in social and economic
11 development;
12
- 13 j) Foreign higher education institution (FHEI) - refers to a foreign-owned and duly
14 recognized higher education institution abiding by a prescribed system of education duly
15 registered in a country other than the Philippines;
16
- 17 k) Higher education - refers to any of the various types of education given in post-secondary
18 institutions of learning, and usually affords, at the end of a course of study, a named degree,
19 diploma, or certificate indicating qualifications or skills proficiencies. For purposes of this
20 Act, higher education includes technical and vocational education and training (TVET)
21 institutions such as teacher-training schools, junior colleges, and institutes of technology;
22
- 23 l) Higher education institutions (HEIs) - refer to public and private post-secondary education
24 institutions, which include universities and colleges, TVET institutions and specialized
25 institutions that provide undergraduate and graduate degree programs in such fields as law,
26 theology, medicine, business, music, and art, among others;
27
- 28 m) International branch campus – refers to an HEI located in another country, a separate
29 country from the country where the institution originated or where the Main Campus is
30 located. An international branch campus would have some physical presence in the host
31 country; awards at least one degree in the host country that is accredited in the country of the
32 originating institution; and typically have local partner HEIs, as specified in Section 9 of this
33 Act;
34
- 35 n) Internationalization of higher education - refers to the process of integrating international,
36 intercultural and global dimensions into the goals, functions (teaching, learning, research and
37 services) and delivery of higher education;
38
- 39 o) Joint degree – refers to a partnership arrangement or program which leads to a single
40 degree awarded by two (2) or more institutions. The program is jointly developed, delivered
41 and jointly assessed;
42
- 43 p) Offshore- refers to any locality outside of the country where a higher program has its base
44 of operation;
45
- 46 q) Onshore – refers to the country where a higher education program has its base of
47 operation;
48
- 49 r) Open distance learning (ODL) - refers to the merger of two (2) concepts, that of open
50 learning and distance education. It is a system which combines the methodology of distance

1 education with the concepts of open learning and flexible learning. Distance instruction may
2 be delivered by post or mobile phone;

3
4 s) Providing institution – refers to an HEI which provides TNHE programs in partnership
5 with another HEI located offshore;

6
7 t) Transnational higher education (TNHE) - includes all types and modes of delivery of
8 higher education study programs, sets of courses of study, or educational services, including
9 distance education and study-abroad programs, which involve education systems of a State
10 different from the State where a TNHE provider operates or programs which may operate
11 independently of any national education system or where the learners are located in a country
12 different from the one where the awarding institution is based;

13
14 u) Transnational higher education arrangement - refers to an educational, legal, financial, or
15 other system agreed upon formally by partners in order to provide educational services;

16
17 v) Transnational higher education institutions – refer to higher education institutions, both
18 local (within the country or onshore) and foreign (outside the country or offshore), offering
19 transnational higher education programs;

20
21 w) Twinning arrangement - refers to an arrangement where students study for a degree in two
22 countries, starting in their own and finishing in another, which typically is the country of a
23 partner institution; and

24
25 x) Validation - refers to an arrangement whereby the main HEI agrees to award its own
26 degree to students who complete a program from a partner HEI in another country.

27
28 **SEC. 4. *Strategy for TNHE.*** – Consistent with the provisions of this Act, the
29 Commission on Higher Education (CHED) shall formulate a coherent national strategy to
30 encourage and facilitate the establishment of the most effective forms of TNHE programs and
31 institutions in the country.

32
33 **SEC. 5. *Establishment of TNHE Programs in HEIs.*** - TNHE programs shall be
34 established and administered by duly authorized HEIs.

35
36 **SEC. 6. *Types or Modes of TNHE.*** – TNHE programs and arrangements, whether
37 existing, emerging, or anticipated, shall include the following types or modes:

38
39 a) Academic Franchising, which is a franchise arrangement whereby an HEI (franchiser)
40 from a certain country grants another institution (franchisee), which is the partner
41 HEI, in another country the right to provide the franchiser's programs and
42 qualifications in the franchisee's host country, regardless of the students' origin;

43
44 The local franchisee must be registered with the Securities and Exchange Commission
45 (SEC) and authorized to deliver educational programs or materials;

46
47 b) Articulation, whereby students for a sub-degree in one country are guaranteed
48 advance entry into a degree program in another country if they achieve an agreed
49 level of performance in their studies;

- 1 c) Branch campus, which refers to a campus of an HEI of another country established in
2 the Philippines to offer its own educational programs and qualifications, regardless of
3 the students' origin;
4
- 5 d) International branch campus, which refer to an HEI located in another country, a
6 separate country from the country where the institution originated or where the Main
7 Campus is located. An international branch campus would have some physical
8 presence in the host country; awards at least one degree in the host country that is
9 accredited in the country of the originating institution; and typically have local partner
10 HEIs, as specified in Section 9 of this Act;
11
- 12 e) Joint degree, which refers to a partnership arrangement or program which leads to a
13 single degree awarded by two (2) or more institutions. The program is jointly
14 developed, delivered and jointly assessed;
15
- 16 f) Double degree, which refers to a partnership arrangement or program which leads to
17 two (2) degrees awarded by two (2) institutions;
18
- 19 g) Online, blended, and distance learning, which refers to a program delivered across an
20 international border. The delivery medium is typically online, but distance learning
21 can be delivered or conducted by post or mobile phone. The online component of the
22 program can range from zero to one hundred percent (100%). A program, which is
23 partly online and face-to-face, is blended;
24
- 25 h) Open Distance Learning (ODL), which refers to the merger of two (2) concepts, that
26 of open learning and distance education. It is a system which combines the
27 methodology of distance education with the concepts of open learning and flexible
28 learning. Distance instruction may be delivered by post or mobile phone;
29
- 30 i) TNHE Offshore institution, which refers to an autonomous institution established in a
31 host country, which in terms of its organization and education contents, belongs to the
32 education system of another country. An institution is deemed autonomous if it is
33 independent of the ministry, commission or department of education in a host country;
34
- 35 j) Twinning arrangements, which refer to an arrangement where students study for a
36 degree in two countries, starting in their own and finishing in another, which typically
37 is the country of a partner institution; and
38
- 39 k) Validation, which refers to an arrangement whereby the main HEI agrees to award its
40 own degree to students who complete a program from a partner HEI in another
41 country.
42

43 HEIs intending to enter into partnerships or arrangements with other HEIs may explore or
44 propose to the CHED any other mode or arrangement. The CHED, in consultation with other
45 agencies and HEIs, may add other forms or modes of TNHE as it may deem suitable and in
46 furtherance of the objectives of providing quality TNHE programs in the country. These
47 modes or arrangements must be consistent with the Philippine development plans, and not in
48 contravention of the Constitution, and other laws and policies.
49

1 **SEC. 7. Commercial Presence of Foreign HEIs (FHEIs) in the Philippines.** – An
2 FHEI may engage in the business of providing educational services in the Philippines through
3 any of the modes indicated in this Act or through any other arrangement with a Philippine
4 HEI that is consistent with the Philippine Constitution, and other laws and policies, and based
5 on mutually agreed terms.

6
7 The FHEIs shall conform to the following minimum standards:

- 8
9 a) Only FHEIs recognized by their respective governments as quality higher education
10 providers and accredited by a recognized accrediting body in the country of origin or
11 its equivalent, shall be given government authority to offer undergraduate, graduate,
12 and post-graduate degrees;
13
14 b) The FHEIs shall have standards at par with, or higher than, Philippine HEIs in terms
15 of government recognition, faculty strength and curriculum; and
16
17 c) The FHEIs shall have the requisite capabilities and resources for higher education
18 provision, and the ability to provide support services to students.
19

20 **SEC. 8. Partnerships and Collaborative Arrangements.** – FHEIs may enter into other
21 collaborative arrangements with Philippine HEIs, such as twinning arrangements or joint
22 degrees, whereby study programs, or parts of a course or study, or other educational services
23 of the awarding institutions, are provided by another partner institution.
24

25 The parties shall conform to the following minimum standards:

- 26
27 a) The FHEI shall seek prior authority from CHED to operate specific educational and
28 auxiliary services and shall comply with the requirements set forth in this law and by
29 CHED policies and regulations. No FHEI shall be allowed to establish its branch or
30 any entity purporting to deliver educational programs without approval of the CHED;
31
32 b) Only Philippine HEIs which are CHED-recognized and duly accredited, shall be
33 authorized to conduct and initiate collaborative or twinning programs with FHEIs.
34 The CHED shall determine the level of accreditation which Philippine HEIs are
35 required to acquire in order to be authorized to enter into collaborative arrangements
36 with FHEIs;
37
38 c) Both partners shall draft a memorandum of agreement (MOA) in terms of the
39 programs, duration, evaluation and termination of the agreement, which MOA shall be
40 legally binding to both parties. The CHED shall be consulted in the finalization of the
41 MOA and shall ensure that it complies with all the relevant national laws and the
42 CHED's policies. The CHED shall determine the documentary requirements needed
43 to be submitted by the parties. Any document executed or issued outside the
44 Philippines must first be authenticated with the appropriate Philippine Foreign Service
45 post before submission to the CHED;
46
47 d) The academic quality of the higher education programs involved is at least
48 comparable to the established standards of the local programs, or compliant with
49 established international standards. The critical details of the collaborative

1 arrangements and the procedures concerning the quality of education services
2 provided by TNHE arrangements shall be based on specific and systematic criteria;
3

- 4 e) The programs must have complied with the required level of accreditation and other
5 quality assurance requirements;
6
7 f) The critical details of the collaborative arrangements are transparent or open to
8 scrutiny by the government and the public; and
9
10 g) Public announcements about collaborative arrangement or any TNHE program must
11 have the proper government authorization.
12

13 Philippine HEIs and all providers of educational and auxiliary services who are partners
14 of the FHEI must be registered with the SEC in the case of corporation or partnership or with
15 the Department of Trade and Industry (DTI) in the case of sole proprietorship, for the purpose
16 of providing educational and auxiliary services. All existing entities seeking to expand their
17 services to include TNHE operations must amend their articles of incorporation with the
18 SEC, or register their expansion with the DTI.
19

20 **SEC. 9. Establishment of Branch Campuses.** – FHEIs may establish branch campuses
21 in the Philippines through a local partner, at least sixty percent (60%) of which is owned by
22 Filipino citizens, and duly registered with the SEC or the DTI, as the case may be. The FHEI
23 may maintain its name, offer the education programs through the branch, and award the
24 degree or credit. The local branch shall be managed and administered jointly by the parties,
25 subject to the provisions of the Constitution on control and administration of educational
26 institutions. The local partner shall be accountable for assuring the quality of the programs
27 offered.
28

29 The FHEI may also incorporate a Philippine company to operate its branch campus:
30 *Provided*, That at least sixty percent (60%) of its voting stocks are reserved for Filipino
31 citizens; *Provided further*, That the FHEI shall first secure the approval of the SEC by filing
32 its incorporation papers, together with authenticated copies of its foreign charter and by-laws;
33 *Provided, finally*, That the FHEI shall be required to post a bond in an amount to be
34 determined by the SEC, to guarantee the fulfillment of future obligations and liabilities.
35

36 Foreign citizens may constitute up to eighty percent (80%) of the faculty and academic
37 personnel and up to forty percent (40%) of the administrative personnel and staff members in
38 any of the local branches. However, foreign students may not comprise more than one-third
39 (1/3) of enrolment.
40

41 **SEC. 10. Philippine HEIs Operating Offshore.** – Philippine HEIs operating offshore
42 shall conform to the following guidelines:
43

- 44 a) Only Philippine HEIs with programs recognized by CHED may be given government
45 authority to offer services offshore. Philippine HEIs providing education offshore
46 must preserve the reputation of the Philippines as a provider of quality higher
47 education;
48
49

1 b) Philippine HEIs operating offshore should abide by the laws, rules, and regulations of
2 the country where it seeks to operate or deliver its educational programs; and
3

4 c) In cases where offshore students are to spend a period of time in the Philippines as
5 part of the course or program requirements, the HEIs shall provide support services as
6 necessary, including information on legal requirements and living arrangements.
7

8 **SEC. 11. *Programs and Degrees Offered.*** – Courses offered by TNHEIs may include
9 undergraduate, graduate, and post-graduate degrees. The CHED, in consultation with
10 stakeholders from the HEIs and appropriate government agencies, may determine the
11 propriety of offering other specialized courses, including Bachelor of Laws and Bachelor of
12 Medicine, by qualified institutions.
13

14 Prior to the offering of TNHE courses, all TNHEIs shall submit their curricula to the
15 CHED, which shall review and ensure that such curricula conform to international standards.
16 The curricula of TNHEs which belong to the top five hundred (500) World's Best
17 Universities based on international ranking acknowledged by CHED are deemed to have met
18 international standards and shall be exempt from complying with CHED standards: *Provided,*
19 That if the TNHEIs fall out of the top 500 ranking, their subsequent new programs or course
20 offerings shall be reviewed by the CHED to ascertain if these meet international standards.
21

22 **SEC. 12. *Quality Assurance.*** – TNHEIs, which include both the awarding and providing
23 institutions, shall be accountable for quality assurance and control. They shall develop,
24 implement, and review internal quality assurance processes and cooperate with the CHED or
25 other duly recognized local or international audit and accreditation bodies to protect and
26 strengthen the reputation of *bona fide* institutions engaged in TNHE, as well as to protect the
27 students and other stakeholders from low quality services of institutions with questionable
28 reputation or engaged in malpractice and fraud.
29

30 To facilitate the entry of high-ranking universities in the country, TNHEIs belonging to
31 the top five hundred (500) HEIs in the world for three (3) consecutive years based on
32 reputable international ranking acknowledged by the CHED shall be presumed to be
33 compliant with international standards and shall be exempt from the standard quality
34 assurance review by the CHED or other audit and accreditation bodies: *Provided,* That those
35 that fall out of the top 500 ranking shall be required to undergo quality assurance processes as
36 provided in this Section.
37

38 The CHED shall issue the necessary guidelines for the implementation of this Section.
39

40 **SEC. 13. *Benchmarks for Ensuring Quality of TNHE.*** – In reviewing the performance
41 of TNHEIs, the CHED, or other duly recognized local or international audit and accreditation
42 bodies, may ascribe the respective weights to the following performance indicators:
43

44 a) Curriculum innovation, which pertains to the manner and degree to which the
45 curricula are relevant and adaptable to current and global developments, trends, and values.
46 Curriculum innovation includes the assessment of the conformity of certificates, diplomas
47 and degrees granted by the TNHEIs with internationally accredited programs of reputable
48 international accreditation bodies;
49

1 b) Student diversity, which includes the promotion of a respectful classroom climate
2 under egalitarian norms and principles; encouraging plurality and the contribution of diverse
3 perspectives brought about by differences in race, gender, religion, and culture; use and
4 monitoring of both spoken and written languages in ways that consider implicit assumptions,
5 exclusions, overgeneralizations, stereotypes, and social discrimination;
6

7 c) Research and development, which can be measured in terms of the number and
8 quality of articles and papers published in international journals and other publications used
9 in international fora and conferences;
10

11 d) Graduation and retention rate, which pertains to the number of first-year students
12 who graduate within a given time period in light of course requirements and internationally
13 acceptable best practices;
14

15 e) Job placement and career services, which generally refer to the effectiveness of in-
16 house career services that educate, connect, and advise students and new graduates about
17 opportunities for internships, externships, fellowships, post-graduation employment
18 opportunities, and career advancement. Job placement services include the degree to which
19 the TNHEI can structurally align its graduates to programs for economics needs, and the
20 human resource requirements of industry to the general employment demands and the
21 specific industry demands in local and foreign markets;
22

23 f) Facilities and infrastructure, which pertain to the extent to which the school's
24 facilities and infrastructure address the needs of the programs in accordance with set
25 standards, as well as provide for the welfare of students and teachers. The students'
26 experiences on the availability, adequacy, and suitability of facilities and infrastructure shall
27 be assessed through surveys and other appropriate means;
28

29 g) Faculty and faculty diversity, which pertains to the credentials of the faculty in terms
30 of their education, work background and expertise, and involvement in research and other
31 institutions in their field. Greater weight is given to institutions with a higher percentage of
32 full-time faculty holding doctorate or equivalent degrees in their fields. Visiting faculty from
33 other regions, countries, cultures, and backgrounds are encouraged. There should also be a
34 sufficient number of qualified faculty to adhere to internationally-accepted best practice for
35 faculty-to-student ratio;
36

37 h) Alumni leadership and performance, which includes entry-level and mid-career-level
38 income of alumni; for public interest positions, the international reputation of the positions
39 which alumni hold; alumni performance and passing rates in licensure examinations,
40 especially those examinations administered by jurisdictions in major economies outside the
41 Philippines; performance and passing rates in internationally acceptable standardized tests
42 and testing methods by foreign jurisdictions; the extent to which the skill sets of alumni meet
43 legitimate employment demand in domestic and foreign markets; alumni mobility and
44 transferability of one's skill set across jurisdictions or industries;
45

46 i) Alumni participation, which may be measured in terms of donations, endowment
47 building, network building and network database management, alumni-initiated partnerships
48 and linkages, extent and reach of foreign alumni, alumni cohesiveness;
49

1 j) International linkages, which refer to institutional relationships made on the basis of
2 formal or informal agreements, which lead to cooperative action resulting in the
3 accomplishment of shared or specific objectives by the parties involved: *Provided*, That the
4 number of signed agreements alone shall not be sufficient basis for assessing international
5 linkages. The CHED, or other duly recognized local or international audit and accreditation
6 bodies, may identify other bases for assessing performance relevant to international linkages,
7 such as the benefits that accrue or are expected to accrue to TNHEIs as a result of agreements
8 entered into;

9
10 k) Grant and endowment management, which pertains to how effective the TNHEI can
11 build and manage an endowment corpus for purposes of sustaining a system of scholarships
12 and fellowships, such as the sustainability of its endowment, the efficiency of grant
13 compliance measures and grant administration, progressive per capita-endowment ratios, and
14 the degree to which the endowment can fund operating expenses otherwise financed by
15 tuition;

16
17 l) Other criteria analogous to the foregoing.

18
19 The following criteria may also be considered: i) environmental sustainability; ii) gender
20 and race sensitivity; iii) social responsibility; iv) housing facilities, both in-house and
21 affiliated housing; v) health facilities and medical services; vi) retirement facilities; vii) job
22 generation; and other quasi-indicators analogous to the foregoing.

23
24 **SEC. 14. *Creation of a Transnational Higher Education Division.*** – There is hereby
25 created a Transnational Higher Education Division (TNHED) under the International Affairs
26 Service of the CHED to act on all matters related to TNHE institutions and programs
27 established in the country, whether existing or yet to be established. In the performance of its
28 functions, the TNHED shall coordinate with the Technical Committee for Transnational
29 Education and the Technical Panel for ODL of the CHED.

30
31 The functions currently being performed by other offices and divisions of the CHED in
32 relation to TNHE, including those undertaken by the Programs Development Division under
33 the Office of Programs and Standards Development, are hereby transferred to the TNHED.

34
35 The TNHED shall have the following functions:

- 36
37 a) Formulate policies, standards, and guidelines in the operation of TNHE programs;
38
39 b) Formulate strategies and mechanisms for the implementation of TNHE programs in
40 the country;
41
42 c) Accept, evaluate and process all applications of PHEIs and FHEIs for authority to
43 operate any of the types/modes of TNHE, including educational and auxiliary
44 services;
45
46 d) Conduct the review and evaluation of performance of TNHEIs, including visitation
47 and other regulatory activities, for purposes of determining compliance with
48 Philippine laws, rules, policies, and regulations;
49
50 e) Perform such other duties necessary to carry out the purposes of this Act.

1
2 **SEC. 15. Role of Government Agencies.** – Consistent with the policy and objective of
3 encouraging, promoting, and accelerating the establishment of TNHE institutions and
4 programs in the country, all concerned government agencies and LGUs are hereby mandated
5 to establish mechanisms to expedite the processing of the relevant applications, documents,
6 and permits for FHEIs and all other institutions authorized by CHED to establish and operate
7 education and auxiliary services in the country.
8

- 9 a) The SEC is hereby mandated to establish a mechanism to facilitate and expedite the
10 processing of the applications for registration to operate transnational higher
11 education and/or auxiliary services, as well as registration of partnerships,
12 corporations, or other arrangements established under this Act;
13
14 b) The concerned LGUs are hereby directed to establish a mechanism to facilitate and
15 expedite the processing of business permits for TNHE institutions and partnerships;
16
17 c) The Bureau of Immigration (BI) and the Department of Labor are hereby directed to
18 establish a mechanism to facilitate and expedite the processing of visa and other
19 immigration requirements for foreign faculty, academic personnel, and all staff who
20 work in an institution or study program established through a transnational
21 arrangement; and for students who are enrolled or registered for a course of study or
22 parts of it, in a TNHEI;
23
24 d) The Professional Regulation Commission (PRC) is hereby directed to establish a
25 mechanism to facilitate and expedite the processing of certificate of registration or
26 license and professional identification cards, as required in accordance with Section 7,
27 paragraphs (J) and (L) of Republic Act No. 8981, otherwise known as the “PRC
28 Modernization Act”, and related resolutions and issuances, to be issued to foreign
29 faculty who work in an institution or study program established through a
30 transnational arrangement.
31

32 Within six (6) months from the effectivity of the Implementing Rules and Regulations of
33 this Act, the foregoing government agencies shall submit a report to Congress as to the status
34 and progress of the respective mechanisms formulated and established under this Section.
35

36 **SEC. 16. Tax Exemptions.** – Pursuant to Section 4, Article XIV of the Constitution, all
37 revenues and assets of non-stock, non-profit TNHEIs which are used actually, directly, and
38 exclusively for educational purposes shall be exempt from taxes and duties.
39

40 All grants, bequest, endowments, donations and contributions made to the TNHEI to be
41 used actually, directly and exclusively by the TNHEI shall be exempt from donor’s tax and
42 the same shall be allowed as allowable deduction from the gross income of the donor for
43 purposes of computing the taxable income of the donor in accordance with the provisions of
44 the National Internal Revenue Code of 1997 (NIRC), as amended.
45

46 Further, in accordance with Section 28, Article VI of the Constitution, all lands, buildings,
47 and improvements, actually, directly, and exclusively used by a TNHEI for educational
48 purposes shall be exempt from taxation.
49

1 All non-stock, non-profit TNHEIs shall also be entitled to all tax incentives granted to
2 such entities in accordance with the provisions of the National Internal Revenue Code of
3 1997, as amended.
4

5 **SEC. 17. Proprietary TNHE Institutions.** – All TNHEIs which do not satisfy the
6 definition of “non-stock, non-profit educational institutions” as defined by the NIRC are
7 deemed, for purposes of this Act, to be proprietary educational institutions. All proprietary
8 educational institutions shall be subject to the taxes, exemptions, and other duties and
9 privileges under the NIRC, specifically Section 27, Title II, Ch. IV thereof, and BIR
10 Implementing Rules and Regulations.
11

12 To the extent applicable, TNHEIs shall enjoy the same benefits, tax credits and incentives
13 provided for in existing laws including those provided under Executive Order No. 226,
14 otherwise known as the “Omnibus Investments Code of 1987”, and Republic Act 7844,
15 otherwise known as the “Export Development Act of 1994”.
16

17 **SEC. 18. Repatriation of Capital and Remittance of Dividends, Profits and Earnings**
18 **from Foreign Investments.** – Repatriation of capital and remittance of dividends, profits and
19 earnings arising from foreign investments in TNHEIs may be done, using foreign exchange
20 sourced from authorized agent banks (AAB) or AAB-subsiary or affiliate foreign exchange
21 corporations; *Provided*, That such foreign investments have been previously registered with
22 the Bangko Sentral Ng Pilipinas (BSP). For this purpose, the BSP rules and regulations
23 governing registration of foreign investments shall be complied with.
24

25 **SEC. 19. Labor and Management Relations.** – Labor and management relations in all
26 TNHEIs shall be governed by existing labor laws. Employees and personnel of TNHEIs shall
27 enjoy working conditions not less than those provided under Presidential Decree 442, or the
28 Labor Code of the Philippines, as amended, and other relevant laws, issuances, rules and
29 regulations of the Philippine government and the Department of Labor and Employment.
30

31 **SEC. 20. Termination of Partnership or Closure of Program.** – In the event of
32 termination of a partnership, or the phaseout or closure of a program, institutions engaged in
33 TNHE shall ensure that commitments made to enrolled students are met, including offering
34 students suitable alternative pathways for completing the program to which they have been
35 accepted.
36

37 The assets of the closed enterprise can be transferred and the funds can be remitted
38 out of the country in accordance with the applicable laws, rules and regulations of the
39 Philippines.
40

41 **SEC. 21. Continuing Research.** - The CHED shall conduct continuing research and
42 development on the improvement of transnational higher education and the
43 internationalization of higher education, for the purpose of enhancing knowledge creation and
44 revenue generation.
45

46 **SEC. 22. Appropriations.** – The amount necessary to carry out the provisions of this Act
47 shall be charged against the current year's appropriation of the CHED. Thereafter, the amount
48 necessary for the continued implementation of this Act shall be included in the Annual
49 General Appropriations Act. The operating requirements of the Transnational Higher

1 Education Division under the International Affairs Staff of the CHED shall be included in the
2 budget of the CHED in the Annual General Appropriations Act.
3

4 **SEC. 23. *Implementing Rules and Regulations.*** – Within ninety (90) days from the
5 effectivity of this Act, the Chairperson of CHED, with technical support of the Technical
6 Committee for Transnational Education and the Technical Panel for Distance Education, and
7 in consultation with the TESDA, PRC, BI, SEC, Board of Investments, and other
8 stakeholders and relevant government agencies, shall issue the implementing rules and
9 regulations of this Act. Such rules and regulations shall take effect fifteen (15) days after its
10 publication in a newspaper of general circulation in the Philippines.
11

12 **SEC. 24. *Separability Clause.*** – If any provision of this Act is declared unconstitutional,
13 the remainder of this Act or any provision not affected shall remain in full force and effect.
14

15 **SEC. 25. *Repealing Clause.*** – All laws, acts, presidential decrees, executive orders,
16 proclamations or administrative regulations which are inconsistent with the provisions of this
17 Act, are hereby amended, modified, superseded or repealed accordingly.
18

19 **SEC. 26. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
20 the *Official Gazette* or in a newspaper of general circulation.
21

22 *Approved.*