

REPUBLIC ACT NO. 7798

AN ACT AMENDING SECTION 25 OF BATAS PAMBANSA  
BLG. 232, OTHERWISE KNOWN AS THE "EDUCATION  
ACT OF 1982"

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

SECTION 1. Section 25, Chapter 3 of the Education Act of  
1982 is hereby amended to read as follows:

"SEC. 25. *Establishment of Schools.* – All schools shall  
be established in accordance with law. The establishment of new  
national schools and the conversion of existing schools from  
elementary to national secondary schools or from secondary to  
national secondary or tertiary schools shall be by law: *Provided*,  
That any private school proposed to be established must incorporate  
as either a non-stock or a stock educational corporation in  
accordance with the provisions of the Corporation Code of the  
Philippines. This requirement to incorporate may be waived in  
the case of family-administered pre-school institutions.

*Provided*, That the minimum paid-up capital for stock  
educational institutions for those engaged in elementary education  
shall not be less than One million pesos (P1,000,000); not less  
than Two million five hundred thousand pesos (P2,500,000) for  
those offering both elementary and secondary education; and not  
less than Five million pesos (P5,000,000) for those offering  
elementary, secondary and tertiary and postgraduate courses,  
except existing educational institutions organized as stock  
corporations which may retain their original capitalization.

"Existing educational institutions organized as stock  
corporations may automatically apply for renewal of their  
corporate existence when the original period is about to expire.

*"Provided, finally,* That stock educational institutions may be allowed only in capital-intensive courses of study as may be determined by the Department of Education, Culture and Sports, the Commission on Higher Education, and the Department of Science and Technology, as the case may be.

"Any school that is established or organized as a stock corporation shall be ineligible for any form of government subsidy, incentive or assistance, except those given to individual students and teachers in the form of scholarships, student loans or other forms of subsidy as already mandated under existing laws. Government assistance to non-stock schools for educational programs shall be used exclusively for that purpose.

"Taxes shall not be due on donations to educational corporations."

SEC. 2. The Department of Education, Culture and Sports and the Commission on Higher Education, as the case may be, are hereby authorized to formulate within sixty (60) days from the approval of this Act implementing rules and guidelines governing the establishment and operation of stock educational corporations that may be organized pursuant to this Act with particular emphasis on meeting the objectives of quality education and academic excellence provided for by the provisions of Batas Pambansa Blg. 232, otherwise known as the Education Act of 1982.

SEC. 3. All laws, rules and ordinances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 4. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved, August 25, 1994.