

AN ACT TO PROVIDE FOR THE CONVERSION OF EDUCATIONAL INSTITUTIONS FROM STOCK CORPORATIONS TO NON-PROFIT FOUNDATIONS, DIRECTING THE GOVERNMENT SERVICE INSURANCE SYSTEM, THE SOCIAL...

REPUBLIC ACT NO. 6055, August 04, 1969

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/1a6b8a61ec51/>

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

SECTION 1. Any educational institution, organized as a stock corporation, which for at least ten years has been conferring baccalaureate degrees and has maintained its good standing as required by Section two, paragraph (b) of this Act, may convert itself into a non-stock non-profit education foundation, under the following conditions:

- (a) That the stockholders of the corporation, by two-thirds vote in a stockholders' meeting called for the purpose, agree upon a resolution to convey their shares to the corporation, which is hereby authorized to acquire said shares, at a price fixed by them: Provided, That a stockholder who did not vote in favor of the resolution shall enjoy and may exercise the right provided in Section twenty-eight and one half of Act No. 1459, as amended; otherwise, he shall be deemed to have consented to be bound by the resolution;
- (b) That the stockholders in said meeting elect the board of trustees for the foundation which shall be organized upon the conveyance of the shares of the stockholders to the corporation;
- (c) That a copy of the resolution of the stockholders containing the above matters, certified by the governing board, shall be filed with the Securities and Exchange Commission; and
- (d) That the articles of incorporation and the by-laws of the corporation shall be amended to conform to the status of the educational institution as a foundation: Provided, That such amendments shall become effective upon the conveyance of all the shares of the stockholders to the corporation, which shall thereafter be known as a foundation: Provided, further, That the fact of such conveyance and conversion shall be certified to by the board of trustees of the foundation and the certificate shall be filed with the Securities and Exchange Commission: And provided, finally, That the shares conveyed to the corporation cannot be re-issued.

SEC. 2. The Government Service Insurance System and the Social Security System are authorized and directed to grant loans to educational stock corporations desiring to convert themselves into foundations and the Development Bank of the Philippines is authorized and directed to guarantee loans which such corporations may obtain from other sources, domestic or foreign, Provided:

- (a) That paragraphs (a), (b) and (c) of Section One have been complied with and the amendments of the articles of incorporation and by-laws provided in paragraph (d) of the same section have been made;
- (b) That the educational institution is of good standing, from the standpoint of academic standards, plant and equipment, faculty, performance of graduates and other aspects related to its capability to give a high quality of education, as certified by the Secretary of Education;
- (c) That the proceeds of the loan shall be used exclusively to pay for the shares of stockholders conveyed to the corporation;

(d) That the assets of the corporation shall be transferred to the foundation, and may be given as collateral for the loan; and

(e) That the foundation shall assume the liabilities of the corporation.

SEC. 3. The loan to be given or guaranteed shall be of long duration, from ten to thirty years, and properly secured by the property of the school in accordance with the credit policy of the financing institution and shall earn interest at the rate of three per centum, per annum, subject to yearly amortizations, principal and interest, until such loan shall have been paid in full.

SEC. 4. The management of the Foundation shall be vested in a board of trustees to be known as the "Board of Trustees of the Foundation." The Board of Trustees shall be composed of ten elective members, with a term of five years and the head of the highest student organization as ex-officio member: Provided, That the first ten elected members of the board shall hold office in a staggered manner, two expiring every year, beginning with the elected members having received the lowest number of votes and successively in the order of the ascending number of votes received. This Board shall elect all subsequent members of the Board for a full term, except to fill a vacancy for the unexpired term.

The elective membership of the Board shall be composed of businessmen, financiers, and well-known educators. A representative of the government financial institution granting or guaranteeing the loan shall sit with the board as an ex-officio member until the loan is fully paid.

Except for the officers, employees and the academic staff of the Foundation, the Board of Trustees shall serve without compensation other than reasonable per diems for actual attendance upon meetings of the Board and actual and necessary expenses incurred upon other official business authorized by resolution of the Board: Provided, That unwarranted and excessive salaries, allowances or expenses authorized by the Board shall be ground for forfeiture of the privilege provided in Section eight hereof.

SEC. 5. The Board of Trustees of the Foundation shall have the following powers and duties in addition to its general powers of administration:

(a) To keep the standard of instruction of the Foundation at the highest level possible compatible with its finances;

(b) To issue rules and regulations for the conduct of the business of the Foundation, with particular attention to the improvement of the standard of instruction;

(c) To receive and appropriate to the ends specified in this section such sums as the Government may endow; to receive in trust, legacies, gifts and donations of real and personal property of all kinds and to administer the same for the benefit of the Foundation in accordance with the direction or instructions of the donor, and, in default thereof, in such manner as the Board may, in its discretion, determine;

(d) To appoint, on the recommendation of the President of the Foundation, professors, instructors, lecturers and other employees of the Foundation and fix their compensation, hours of service, and such other duties and conditions as it may promulgate any other provisions of law to the contrary notwithstanding, and to remove them for cause after investigation and hearing shall have been had;

(e) To prescribe the courses of study and rules of discipline and shall fix the requirements for admission to any college; as well as for graduation and the receiving of a degree;

(f) To fix tuition fees required of students, as well as matriculation fees, graduation fees, fees for laboratory courses, and all other fees, the amounts of which may be regulated by the Secretary of the Department of Education; and

(g) To prescribe rules for its own government, and to enact for the government of the Foundation such ordinance and regulations, not contrary to law, as are consistent with the purposes and objectives of the Foundation as defined in subsection (a) of this section.

SEC. 6. The Foundation shall exist in perpetuity and shall continue to be a private institution and not a state institution, the full repayment of the loan notwithstanding.

SEC. 7. If the Foundation is dissolved or for any reason its corporate existence ceases, all its assets shall escheat to the State, subject to its liabilities to third persons.

SEC. 8. The Foundation shall be exempt from the payment of all taxes, import duties, assessments, and other charges imposed by the Government on all income derived from or property, real or personal, used exclusively for the educational activities of the Foundation.

SEC. 9. Any income realized from conversion of the stockholders' equity or interest in the school, college or university, shall be exempt from income tax, the provisions of the National Internal Revenue Code, as amended, to the contrary notwithstanding.

SEC. 10. All Acts, administrative rules and regulations, and Executive orders, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 11. This Act shall take effect upon its approval.

Approved, August 4, 1969.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.