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Congress of the Philippines
Metro Manila
Nineteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.



[REPUBLIC ACT NO. **12063**]

AN ACT INSTITUTIONALIZING THE ENTERPRISE-BASED
EDUCATION AND TRAINING FRAMEWORK AND
APPROPRIATING FUNDS THEREFOR

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

SECTION 1. *Short Title.* – This Act shall be known as the “Enterprise-Based Education and Training (EBET) Framework Act”.

SEC. 2. *Declaration of Policy.* – Article XIII, Section 3 of the Constitution provides that the State shall “promote full employment and equality of employment opportunities for all”. It is hereby declared the policy of the State to enhance the skills of the workforce in partnership with the private sector,

and to meet the evolving skills and competency requirements of the rapidly changing world of work.

For this purpose, the State shall strengthen, rationalize, and harmonize the different EBET training modalities under one (1) framework to effectively address jobs-skills mismatch, unemployment, underemployment, and other labor challenges, and to ensure a globally competitive, educated, and highly skilled human resource adaptable to the demands and standards of the labor market in a world of ever-evolving technologies. The State shall also develop and strengthen the entrepreneurial know-how of individuals, recognizing that entrepreneurship is a key driver of job generation.

The EBET framework shall ensure ease of implementation of training initiatives by enterprises and ensure access to training of individuals who intend to upgrade their skill for potential employment, and for career progression.

SEC. 3. *Statement of Objectives.* – This Act shall have the following objectives:

(a) To provide Filipino workers with opportunities to gain new skills and competencies or to upskill for career advancement, allowing them to secure quality employment and/or obtain entrepreneurial know-how;

(b) To meet the demand of the labor market for human resources that are well-trained and adaptable to evolving skill and competency requirements in the rapidly changing world of work, in order to address jobs-skills mismatch and strengthen the development of higher levels of competencies;

(c) To engage the private sector as an indispensable partner in the development of modules and competency standards in technical-vocational education and training (TVET), and in carrying out EBET Programs; and

(d) To strengthen, rationalize, and harmonize programs, such as apprenticeship, learnership, and the dual training system, under the EBET framework, which shall be competency-based and industry-driven, with due regard to the rights, occupational safety, and health of trainees, through the active participation of employers, trainees, technical-vocational institutions (TVIs), and the government.

SEC. 4. *Definition of Terms.* – As used in this Act:

(a) *Apprenticeship* refers to an EBET Program that covers higher levels of competencies covered by National Certificates (NC) 3 and above. Apprenticeship shall be for trainees at least eighteen (18) years old;

(b) *Competency Assessment* refers to the process of gathering and evaluating evidence to determine whether a person can perform in the workplace based on the defined competency standards;

(c) *Competency Standards* refer to a specification of the knowledge, skills, attitudes, and values required for the effective performance of a job, occupation, or trade;

(d) *Enterprise* refers to any individual, partnership, corporation, or entity organized and existing under Philippine laws, excluding government agencies and instrumentalities, government-owned and -controlled corporations, and local government units;

(e) *Enterprise-Based Education and Training Program or Program* refers to a TVET delivered by an enterprise, including programs that are developed and recommended by recognized industry boards, which may be stand-alone or linked with a TVI.

Theoretical instruction shall be a mandatory component of all EBET Programs;

(f) *General EBET* refers to an EBET Program that covers low- to mid-level skills, including those classified under NC 1 and 2. This also refers to competency standards which have no corresponding NC levels. Programs classified under this category shall be delivered within a period not exceeding six (6) months;

(g) *Qualification* refers to a formal certification that a person has successfully achieved specific learning outcomes relevant to the identified academic, industry, or community requirements. A qualification confers official recognition of value in the labor market and in further education and training;

(h) *Training Plan* refers to a document which describes the expected learning outcomes to be acquired within the Program based on set competency standards, required learning experiences, and the methods and arrangement of competency assessment; and

(i) *Upskilling* refers to an EBET Program of an enterprise for employees to upgrade their skills, regardless of NC level.

SEC 5 Coverage. – This Act shall apply to all EBET Programs, such as General EBET, Apprenticeship, and Upskilling programs, but excluding the following:

(a) Training programs administered by the Commission on Higher Education (CHED) and the Department of Education (DepEd): *Provided*, That a student enrolled in an educational institution, who is required to undertake an internship or immersion as part of an academic requirement, may participate in registered EBET Programs to fulfill such requirement: *Provided, further*, That the Technical Education and Skills Development Authority (TESDA) and the CHED or DepEd shall issue the necessary rules and regulations for this purpose;

(b) Training programs for regulated professions as provided by law: *Provided*, That such training programs may be registered as EBET Programs: *Provided, further*, That the EBET Program shall be aligned with the appropriate competencies that must be learned by the trainee: *Provided, finally*, That the TESDA, the CHED, and the Professional Regulation Commission (PRC) shall issue the necessary rules and regulations for this purpose; and

(c) Training programs implemented by government agencies, including those under the Department of Labor and Employment (DOLE).

SEC. 6. Common Entry Requirements for EBET Programs. – For purposes of this Act, a trainee shall either be a new entrant to the labor force or an employed worker who opts to undergo training through an EBET Program to acquire new skills, upgrade skills, and/or obtain entrepreneurial know-how.

To participate in an EBET Program, a trainee shall:

(a) Except as provided under this Act, be at least fifteen (15) years old subject to the provisions of Presidential Decree No. 442 or the "Labor Code of the Philippines", as amended, and the prohibition on the employment of minors and against the worst forms of child labor under Republic Act No. 7610 or the "Special Protection of Children Against Abuse, Exploitation and Discrimination Act", as amended by Republic Act No. 9231;

(b) Possess the appropriate aptitude and capacity to understand and follow oral and written instructions; and

(c) Submit a recent "fit-to-work certificate", which shall be provided free of charge by a Department of Health (DOH)-recognized health clinic or licensed physician, if applying for an apprenticeship program. If this is not feasible, the firm or entity screening the applicant shall extend such service free of charge.

Notwithstanding the foregoing, enterprises may set appropriate educational requirements for a trainee to qualify for a certain EBET Program.

An enterprise may also require additional qualifications that shall be applicable to its employed workers who intend to upskill for job promotion.

SEC. 7. Promotion of Equal Protection and Safe Spaces in EBET Programs. – The enterprise shall ensure the security and safety of trainees, pursuant to Republic Act No. 11313 or the "Safe Spaces Act".

An EBET Program shall provide equal opportunities for trainees, regardless of their educational level, age, sex, language, ethnicity, religion, disability, and social status.

SEC. 8. Determination of EBET Priority Occupations. – The TESDA, in coordination with industry boards and associations, shall issue a list of EBET priority occupations at the national and regional levels, which shall be consistent with the *Trabaho Para sa Bayan* Plan mandated under Republic Act No. 11962 or the "Trabaho Para sa Bayan Act",

and taking into consideration the applicable levels under Republic Act No. 10968 or the "PQF Act".

SEC. 9. *EBET Program Registration.* – All EBET Programs shall be registered with the TESDA prior to its implementation and before an enterprise enters into an EBET Agreement, as provided under Section 12 of this Act.

For this purpose, the TESDA, in consultation with the industry, shall issue the appropriate rules and regulations for the registration of EBET Programs, which shall include, but not be limited to, the submission of a Training Plan and proof of arrangement with a TVI, if any.

Sectors with recognized industry boards shall develop and recommend EBET Programs for their respective industries, for the approval and adoption of the TESDA.

The TESDA shall approve EBET Programs, as recommended, not later than thirty (30) days from submission.

An enterprise shall have the option to register a program which is either designed in accordance with laws, rules, and regulations or customized in accordance with the specific needs and capacity of the enterprise, subject to the requirements under this Act.

All enterprises with approved EBET Programs shall be issued a Certificate of TVET Program Registration (CTPR), which shall be made available to the public.

SEC. 10. *Aptitude Testing of Applicant-Trainees.* – The enterprise may conduct its own aptitude test in the selection of trainees, consistent with the minimum qualifications of a trainee under Section 6 of this Act. In the absence thereof, the enterprise may use the results of the National Career Assessment Examination, or any government career assessment program, or its equivalent.

SEC. 11. *Duration of the EBET Program.* – The duration of an EBET Program shall be based on the complexity of the competencies to be learned based on the Training Plan, but shall in no case exceed three (3) years: *Provided*, That any

trainee who receives training for a period exceeding three (3) years or in excess of the prescribed period, as may be determined by the TESDA, shall be a regular employee of the enterprise concerned.

In setting the duration of an EBET Program, the TESDA, in consultation with industry stakeholders, shall consider the competency standards, training methodology, sequencing of modules, assessment and/or certification arrangements, and other relevant factors.

SEC. 12. Contents of the EBET Agreement. – An enterprise shall enter into an EBET Agreement with a trainee prior to the start of the Program. The EBET Agreement shall include, but not be limited to, the following:

- (a) Training Plan;
- (b) Hours of training per day and per week;
- (c) Period of training;
- (d) Training allowance;
- (e) Other benefits as may be provided by the enterprise;
- (f) Schedule of training allowance payments, which shall be at least twice a month, and other benefits;
- (g) Process of termination of the EBET Agreement; and
- (h) General rights and obligations of both parties.

If an enterprise chooses to partner with a TVI to undertake the theoretical instruction as outlined in the Training Plan, the enterprise shall be responsible for ensuring that the terms and conditions of its Agreement with the TVI is in accordance with the requirements, rules, and regulations of the TESDA.

If the trainee is between fifteen (15) and eighteen (18) years old, the Agreement shall be signed by the trainee's parent or guardian: *Provided*, That the Agreement shall conform to the provisions on protection of minors, as provided

under Presidential Decree No. 442, as amended; Republic Act No. 7610, as amended; and other relevant laws, rules, and regulations.

If the trainee is currently employed by the enterprise implementing the upskilling EBET Program, the Agreement shall ensure that the trainee is given the same treatment as comparable employees working at the enterprise, including security of tenure and non-diminution of benefits. Nothing in this Act shall be construed to diminish existing benefits under present laws, the employment contract, company policies, and collective bargaining agreements.

SEC. 13. *Training Allowance and Training Hours.* –

(a) General EBET Program. A trainee shall receive training allowance from the enterprise, which shall be sufficient to cover transportation costs, meals, and any other expenses that may be agreed upon between the enterprise and the trainee.

Training hours shall be determined by the enterprise, which shall not exceed eight (8) hours per day: *Provided*, That the training hours of minors shall not exceed forty (40) hours per week and minors shall in no case be allowed to render overtime.

(b) Apprenticeship. A trainee under an apprenticeship program shall receive a training allowance not lower than seventy-five percent (75%) of the applicable minimum wage rate: *Provided*, That in programs exceeding one (1) year, a trainee shall be entitled to a yearly increase, subject to evaluation of performance as a trainee and commensurate with labor market wage rates in the sector.

Training hours for an apprentice shall be eight (8) hours per day, subject to an additional twenty-five percent (25%) of the hourly rate for every hour in excess of eight (8) hours for programs that require additional training hours.

In no case shall the overtime period be more than two (2) hours per day.

(c) Upskilling program. A trainee under an upskilling program shall be entitled to full wages and benefits enjoyed

by a regular employee of the enterprise, including entitlements to overtime pay, night shift differential, and other benefits as provided by law.

SEC. 14. *Scholarships.* – Training scholarships, including the Training for Work Scholarship Program and the *Tulong-Trabaho* Fund under Republic Act No. 11230 or the “Tulong-Trabaho Act”, shall be made available to EBET trainees, subject to applicable TESDA rules, regulations, and guidelines.

SEC. 15. *Training Certificate.* – A training certificate shall be issued by the enterprise and/or its partner TVI to the trainee upon completion of the EBET Program. It shall contain the number of training hours and the list of competencies acquired.

If the enterprise hires the trainee before the completion of the Program, a training certificate shall likewise be issued to the trainee.

SEC. 16. *Competency Assessment and Certification.* – A trainee shall undergo assessment and certification for qualifications with corresponding competency standards.

Successful candidates who demonstrate competence for the full or partial qualifications shall be awarded an NC or a Certificate of Competency (COC), as the case may be.

If an EBET Program has no established certification system, such arrangement shall be designed and implemented in accordance with the assessment and certification arrangements approved in the Training Plan.

SEC. 17. *Grievance Mechanism.* – An EBET Committee shall be established in every enterprise implementing an EBET Program, composed of representatives from the employees and the management. For unionized enterprises, the employees’ representative shall come from the existing labor unions. For non-unionized enterprises, the employees’ representative shall be elected by the employees of the enterprise, or come from the members of the Labor-Management Council, if any.

The EBET Committee shall be responsible for resolving disputes upon the filing of a complaint by an aggrieved party.

Notwithstanding the preceding paragraph, the TESDA may take cognizance of complaints on any violation of the EBET Agreement or on the registration of the EBET Program, which shall not, however, preclude the exercise of jurisdiction by the National Labor Relations Commission (NLRC) and the National Conciliation and Mediation Board (NCMB), as appropriate.

SEC. 18. Other Instances of Implementation of the EBET Program. –

(a) When national security or particular requirements of economic development demand, the President of the Philippines may require compulsory EBET in certain sectors where shortage of trained human resource is deemed critical; and

(b) Where foreign nationals with valid employment permits are employed, the enterprise shall be encouraged to set up appropriate EBET Programs as a tool for technology transfer.

SEC. 19. Donations to TVIs. – Donations, contributions, bequests, subsidies, or financial aid actually paid or made to a TVI implementing theoretical instructions for EBET Programs within the taxable year shall be exempted from donor's tax and shall be deductible from the gross income of the donor, subject to the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended.

For this purpose, TVIs shall not be required to obtain accreditation, notwithstanding any law to the contrary, but they shall secure the proper certification from the TESDA.

Donations, contributions, bequests, subsidies, or financial aid made under this section, which are certified by the TESDA to be actually, directly, and exclusively for the conduct of a registered EBET Program, shall be exempt from taxes and duties.

To implement this section, the Department of Finance (DOF), the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and the TESDA, in consultation with relevant stakeholders, shall formulate the necessary rules and regulations which shall include streamlined processes to encourage broader participation of enterprises.

SEC. 20. *Deductible Training Expense.* – Notwithstanding any law to the contrary, an enterprise implementing a registered EBET Program shall be qualified to avail of an additional deduction from taxable income equivalent to fifty percent (50%) of actual training expenses from the effectivity of this Act up to December 31, 2027: *Provided*, That starting January 1, 2028, the additional deduction shall increase to seventy-five percent (75%) of the actual training expenses: *Provided, further*, That such deduction shall not exceed five percent (5%) of the total direct labor expenses, or Twenty-five million pesos (P25,000,000.00) a year, whichever is lower. For this purpose, the enterprise shall secure the proper certification from the TESDA.

An enterprise registered with an investment promotion agency and implementing an EBET Program may opt to avail of the incentives either under this Act or the applicable fiscal incentives under Title XIII of the NIRC of 1997, as amended: *Provided*, That the availment of incentives under Title XIII of the NIRC, as amended, shall preclude the simultaneous availment of fiscal incentives under this Act.

The DOF, the TESDA, and the BIR, in consultation with relevant stakeholders, shall formulate the necessary rules and regulations to implement the provisions of this section, which shall include streamlined processes to encourage broader participation of enterprises.

SEC. 21. *EBET One-Stop Shop or Online Portal for Incentives.* – The TESDA, in coordination with the DOF, the BIR, the BOC, and the Department of Information and Communications Technology (DICT), shall establish a one-stop shop and/or an online portal to facilitate the effective, efficient, and more accessible availment of the incentives provided under this Act.

SEC. 22. *Employment Status of EBET Trainees.* – An EBET trainee shall not be considered an employee of the enterprise for the duration of the EBET Program, unless otherwise provided for under this Act.

The EBET graduates shall be given preference in the hiring of workers by the enterprise that implemented the EBET Program and shall be exempt from probationary employment therein, when hired for a position requiring the competencies and qualifications obtained from the EBET Program.

The EBET trainees may also be hired by the enterprise even before the completion of the EBET Program, which shall result in the automatic termination of the EBET Agreement between them: *Provided*, That such trainees shall likewise be exempt from probationary employment.

For the avoidance of doubt, this section shall not apply to trainees who are regular employees of the enterprise, and who shall continue to enjoy their status as such.

Enterprises shall be prohibited from training the same trainee twice consecutively: *Provided*, That a trainee who receives training from the same enterprise twice consecutively shall be considered a regular employee of the said enterprise.

SEC. 23. *System of Equivalency.* – The TESDA, in consultation with the CHED and other relevant government agencies, shall ensure that the EBET graduates shall be awarded equivalent unit credits in the formal system of education that can be used in pursuing degree courses, subject to the integrated policies and guidelines on equivalency and credit transfer.

SEC. 24. *Insurance Coverage and Occupational Safety and Health Standards.* – An enterprise implementing an EBET Program which belongs to a medium or high-risk industry, as determined by the DOLE, shall provide trainees with appropriate life and/or accident insurance policy, free of charge.

Standards of occupational safety and health under Republic Act No. 11058 or “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing

Penalties for Violations Thereof" shall likewise be observed in all EBET Programs.

SEC. 25. *Limitation on the Number of Trainees.* – Except for enterprises implementing an upskilling program for their employees, no enterprise shall be allowed to have EBET trainees exceeding twenty percent (20%) of the total number of its regular employees: *Provided*, That any trainee in excess of the twenty percent (20%) threshold shall be considered a regular employee of the enterprise concerned: *Provided, further*, That the TESDA may increase the cap, if necessary, taking into consideration the capacity of the enterprise to implement the EBET Program based on the Training Plan and its track record in implementing EBET Programs.

SEC. 26. *Implementing Agency.* – The TESDA shall be the primary agency responsible for the implementation of this Act. It shall set the policies and guidelines for the implementation of the EBET framework and shall be responsible for quality assurance and evaluation of registered EBET Programs.

It shall have the following duties and responsibilities:

(a) Determine and issue the list of EBET priority occupations and approve new EBET occupations endorsed by industry boards or associations and other concerned stakeholders;

(b) Approve and certify the EBET Programs applied for registration by enterprises;

(c) Issue policies and guidelines on the implementation of the EBET Programs;

(d) In coordination with the DOLE, monitor the conduct of the EBET Programs, their compliance with the Training Plan, EBET Agreement, general labor standards, and occupational safety and health standards;

(e) Validate and certify trainees who successfully pass the assessment process;

(f) Conduct audits on the EBET Programs and implementers;

(g) Cancel CTPRs of enterprises that fail to comply with this Act; and

(h) Perform other functions as may be necessary for the effective implementation of this Act.

SEC. 27. *TESDA and Industry Participation.* – The TESDA and the industry boards shall undertake the identification and prioritization of qualifications and the development and/or updating of competency standards, assessment tools, and curricula to continuously improve the EBET policies and guidelines, and to ensure broader participation of all stakeholders in the implementation of the EBET Programs.

Pending the establishment of an industry board in a specific sector, the TESDA shall undertake the development and/or updating of competency standards, assessment tools, and curricula.

SEC. 28. *EBET Support Integrators.* – The TESDA shall organize a network of EBET support integrators to provide technical assistance to micro and small enterprises on the following:

(a) Analysis of available data for labor market information at the provincial and community levels;

(b) Linking enterprises with related training and/or assessment and certification needs;

(c) Development of training plan/s;

(d) Organization of documentary and technical requirements for the EBET Program registration;

(e) Promotion of the EBET Programs for the placement of trainees in such enterprises; and

(f) Other forms of support to encourage the EBET Programs in micro and small enterprises.

The EBET support integrators shall have proven TVET experience and capability in providing advisory services to enterprises. They shall receive appropriate remuneration from the TESDA for performing these functions. The TESDA shall issue the necessary guidelines for establishing the network of integrators.

SEC. 29. *Termination of the EBET Agreement.* – The EBET Agreement shall be binding during its term. However, the trainee or the enterprise may terminate the Agreement for cause or by mutual consent of the parties upon prior written notice.

SEC. 30. *Prohibited Acts and Penalties.* – The following acts are prohibited:

(a) Commission of fraud or deceit in the application, registration, and implementation of the EBET Program;

(b) Discontinuation of a registered EBET Program without notice to the TESDA;

(c) Non-payment or underpayment of the prescribed training allowance;

(d) Assignment of trainees to hazardous places not covered by the Training Plan; and

(e) Non-compliance with any of the provisions of this Act or its implementing rules and regulations.

An enterprise which commits any of the above-enumerated acts shall be administratively liable to the TESDA, and shall be imposed a fine in the amount of Ten thousand pesos (P10,000.00) to One hundred thousand pesos (P100,000.00). In addition to the fine herein imposed, the TESDA may also order the suspension or revocation of the CTPR granted to an enterprise.

The penalties under this section are without prejudice to other liabilities arising from civil, administrative, and criminal laws for the same act or violation.

SEC. 31. *Transitory Provision.* – All existing EBET Programs shall be valid until the TESDA has conducted an assessment and revalidation of these programs in accordance with this Act.

SEC. 32. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the TESDA, upon consultation with the DOLE, the National Tripartite Industrial Peace Council (NTIPC), the DOF, the BIR, the BOC, the DICT, and other relevant stakeholders, shall issue the implementing rules and regulations for the effective implementation of this Act.

SEC. 33. *Appropriations.* – The amount needed for the initial implementation of this Act shall be charged against the current year's appropriation of the TESDA. Thereafter, such amount as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 34. *Reportorial Requirement.* – Two (2) years after the effectivity of this Act and every year thereafter, the TESDA shall review the implementation and accomplishments of this Act, including the employability, retention rates, and income levels of trainees' post-training, and submit a report to the President of the Philippines and to Congress not later than June 30 following the year of review. The report shall also include recommendations to address gaps in the law and/or the implementation of this Act.

SEC. 35. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

SEC. 36. *Repealing Clause.* – Republic Act No. 7686 or the "Dual Training System Act of 1994"; Book Two, Title II, Chapters 1 and 2 of Presidential Decree No. 442 or the "Labor Code of the Philippines"; and Section 34(A)(1)(a)(v) of the NIRC of 1997, as amended, are hereby repealed.

All other laws, presidential decrees, executive orders, letter of instructions, proclamations, administrative orders, rules and regulations, or parts thereof that are inconsistent

with the provisions of this Act are hereby repealed, amended, or modified accordingly.


SEC. 37. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation.

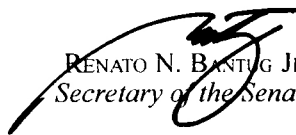
Approved,


FERDINAND MARTIN G. ROMUALDEZ
*Speaker of the House
of Representatives*


FRANCIS "CHIZ" G. ESCUDERO
President of the Senate

This Act, which is a consolidation of Senate Bill No. 2587 and House Bill Nos. 7400 and 6523, was passed by the Senate of the Philippines and the House of Representatives on September 9, 2024 and September 10, 2024, respectively.


REGINALD S. VELASCO
*Secretary General
House of Representatives*


RENATO N. BANTUG JR.
Secretary of the Senate

Approved: **NOV 07 2024**


FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines



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