



Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
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**OFFICE OF THE UNDERSECRETARY FOR LOCAL GOVERNMENT**

**JILG OPINION NO. 24 S. 2008**

April 11, 2008

**JOEL M. AVISO, RME, M. ENG.**  
Barangay Chairman  
Barangay Biñan, Laguna

Dear Chairman Aviso:

This refers to your letter-query seeking our opinion on issues involving your barangay's share in the income from the payment of realty taxes in your locality.

As per your letter, you assumed as barangay chairman in December 2007 and, upon assumption, you looked into the barangay budget and found out that the 25% share of your barangay from the proceeds of the real property tax is shared on a 50-50 basis by your barangay with another barangay until the boundary dispute is resolved pursuant to an agreement in July 1998 entered into by the former barangay officials of the concerned barangays. Since then, said agreement has been honored and implemented by the Municipal Treasurer and Accountant concerned. Thus, you raised the following quoted queries:

1. Is the implementation of a 50-50 sharing of income valid and acceptable even without any boundary dispute case filed?
2. Should the implementation not be valid and acceptable,
  - a. may we request for its immediate termination and the resumption of the standard computation for Barangay Biñan's income?
  - b. for the period that the 50-50 sharing was done, may there be a recomputation of incomes and the proper return of these to the right parties?

Before responding, please be reminded that, as a local government unit, a barangay is not only a body politic but also a corporate entity. Under Section 22 of the Local Government Code of 1991, being a corporation, every local government unit have the power to enter into contract through its local chief executive with prior authorization by the sanggunian.

Thus, by way of response to your queries, we are inclined to presume that the notarized agreement entered into by your barangay with another barangay regarding the sharing in the proceeds of the real property tax is valid and lawful. This finds basis in the legal presumption that public officials are deemed to have regularly and lawfully performed their official functions and duties.

Pertinently, in *GSIS vs. Province of Tarlac* [G.R. No. 157860, December 1, 2003], it has been ruled that **"where there is a perfected contracted executed by the former Governor, the succeeding Governor cannot revoke or renounce the same without the consent of**

**the other party. The contract has the force of law between the parties and they are expected to abide in good faith by their respective contractual commitments. Just as nobody can be forced to enter into a contract, in the same manner, once a contract is entered into, no party can renounce it unilaterally or without the consent of the other. It is a general principle of law that no one may be permitted to change his/her own acts, or to proceed contrary thereto, to the prejudice of the other party."**

Applying the foregoing to the instant inquiry, the present administration is bound to honor the agreement entered into by the former administration and the same continues to be binding notwithstanding the expiration of the term of office of the former officials of the barangay involved. This is pursuant to the basic principle of relativity of contracts which states that agreement validly entered into binds not only the parties but also their successors-in-interest. This is further bolstered by the fact that under Section 22 of the Local Government Code, the barangay, as a local government unit, is endowed with the power of corporate succession. Hence, the new set of officials of your barangay cannot even unilaterally and legally pass an ordinance in order to terminate the agreement because it would violate the constitutional prohibition on enacting laws which abridge contractual obligations.

Be that as it may, if you find that the agreement entered into is not valid, initial negotiation may be done with the officials of the other barangay for the possibility of terminating the agreement. If the said negotiation will not yield a positive result, you may go to the court to have the agreement rescinded on the ground that there is no boundary dispute obtaining upon which the agreement was mainly anchored. You may also formally commence boundary dispute case by filing the appropriate petition before your municipality's sanggunian.

However, if the impending dispute has been amicably resolved by the parties, the agreement subject of your inquiry ceased to exist and is deemed terminated. This is because the apparent cause or consideration of the agreement is the pendency of the boundary dispute. With this, the Municipal Treasurer and Accountant should be advised of the resolved boundary dispute in order that the share of each barangay in the proceeds of the real property tax will be adjusted back to normal.

From the discussion above, your second query need not anymore be answered.

Hope we have enlightened you on the matter.

Very truly yours,

  
**AUSTERE A. PANADERO**  
Undersecretary 

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