

FOR: **ATTY. ABC XYZ**  
City Administrator  
Biringan City

FROM: **CITY LEGAL OFFICE**

DATE: NOV 30, 2026

SUBJECT: **REQUEST FOR CLARIFICATION BY ENATA MATAHARI REGARDING COMPLIANCE WITH THE CONTRACT OF LEASE AGREEMENT AND CITY TAX CODE OF 2024**

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## I. THE FORM

Enata Matahari is requesting clarification regarding two (2) provisions related to the meat rental stalls at the Biringan City Public Market.

## II. THE CONTENTS

On May 2, 2025, Enata Matahari wrote to the City Legal Office requesting clarification about the consequences of default in the stalls of the City Public Market.

Under the Lease Agreement ("Contract") with the LESSEES, failure to pay due rentals for **fifteen (15) days** will constitute a default and authorize the City to padlock the said stall.

On the other hand, under the recent City Tax Revenue Code of 2024 ("Tax Code"), payment should be made on or before the **30th day** of the ensuing month, and non-payment after the grace period from such day will result in the imposition of interest.

She asked for clarification on this matter to ensure proper compliance.

## III. THE FINDINGS

The PROHIBITION AGAINST IMPAIRMENT OF OBLIGATIONS OF CONTRACTS ("the Clause") is a Constitutional provision (Art. III, Sec. 10 of the 1987 Constitution) that means that contracts, as a rule, should not be tampered with by **subsequent** laws that would **change or modify the rights and obligations** of the parties. (*Siska Development Corp. vs. Office of the President of the Phils., G.R. No 93176*) The purpose of this is to safeguard the integrity of contracts against unwarranted interference by the State.

For the Non-Impairment Clause to apply, these two elements must concur:

**First, the law was enacted after the contract was entered into.** In this case, it would mean that the City Tax Revenue Code of 2024 (“Tax Code”) must be enacted after the Contract and given retroactive effect. (*Goldenway Merchandising vs. Equitable PCI Bank, G.R. No. 195540*)

**Second, the law impairs or modifies the parties' rights and obligations.** The word “impairs” means that it diminishes the efficacy of the contract, changes its terms between the parties, imposes new conditions, or dispenses with remedies for the enforcement of the parties' rights. (*Clemons v. Nolting, 42 Phil 702*)

In this case, it can be determined that the subject ordinance, after the Contract, imposes a new condition and modifies the parties' rights and obligations.

#### **IV. THE RECOMMENDATION**

This office respectfully recommends that the rights and obligations established by contracts executed before the enactment of the 2024 City Tax Code **be maintained.**

Respectfully Submitted:

**ATTY. PQR STUV**  
City Legal Officer