Vietnam's Sweeping Legal Reforms Set the Stage for a New Investment Era

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Did you know?

In just the past few months, Vietnam has enacted a wave of landmark laws, decrees, and government resolutions—signaling a bold and determined push by the nation's leadership to reshape its legal landscape.

These sweeping reforms reflect a clear vision: to lay a strong foundation for a new era of investment, innovation, and sustainable growth, positioning Vietnam as a forward-looking destination for global investors.

Key Takeaways (1)

1. Administrative Procedure Streamlining (by 2026)

- 100% of unnecessary, redundant, or vague business, investment conditions to be simplified
- 50% reduction in time to complete state administrative procedures

2. Fast-Track Tech Investment in Priority Zones

- Applicable to tech investments in Industrial Parks, EPZs, High-Tech Zones, Centralized IT Zones, Free Trade Zones, and designated areas in Economic Zones
- 85% fewer permits required pre-construction
- Licensing timeline cut by 9–12 months

3. Energy Market Liberalization

- For DPPA and self-consumption renewable energy projects with zero-export device installations, no more power development planning, bidding requirements or minimum capacity conditions.

Key Takeaways (2)

4. Establishment of International Financial Centers in Ho Chi Minh City and Da Nang

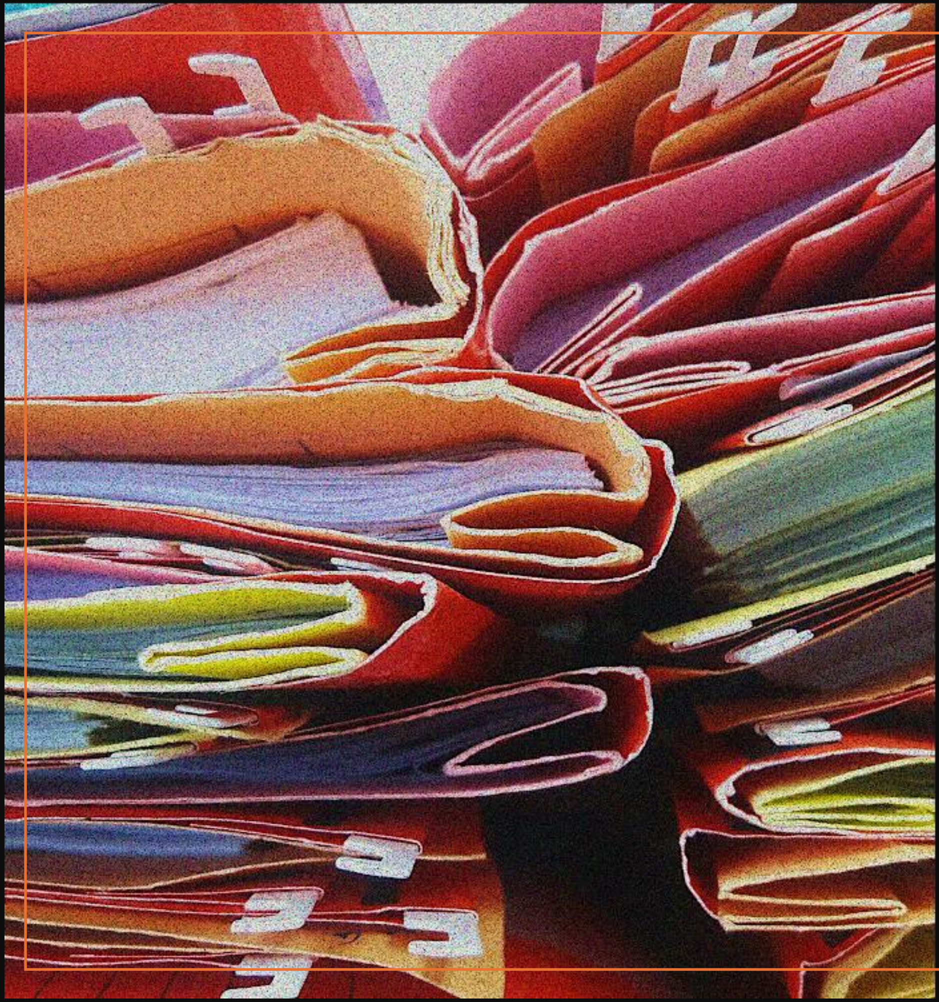
- Specialized exchanges with special trading rules for securities, commodities and crypto assets
- Special incentives available to investors and financial institutions include:
  - Streamlined licensing
  - Tax and foreign exchange relief
  - Eased foreign ownership caps
  - Immovable property collateral rights for foreign credit institutions

5. Raising Banking Foreign Ownership Limit

- Foreign ownership limit in banks receiving mandatory transfer increased to 49% (from 30%)

6. Carbon Exchange Development

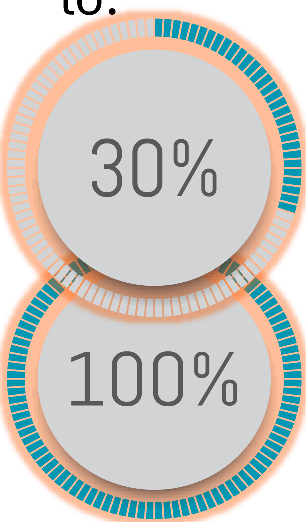
- Pilot operation in 2025
- Full operation expected in 2029



1. Reduction of Bureaucratic Barriers – Government Resolution 66/NQ-CP

Within 2025

Applicable legal instruments shall be amended to:



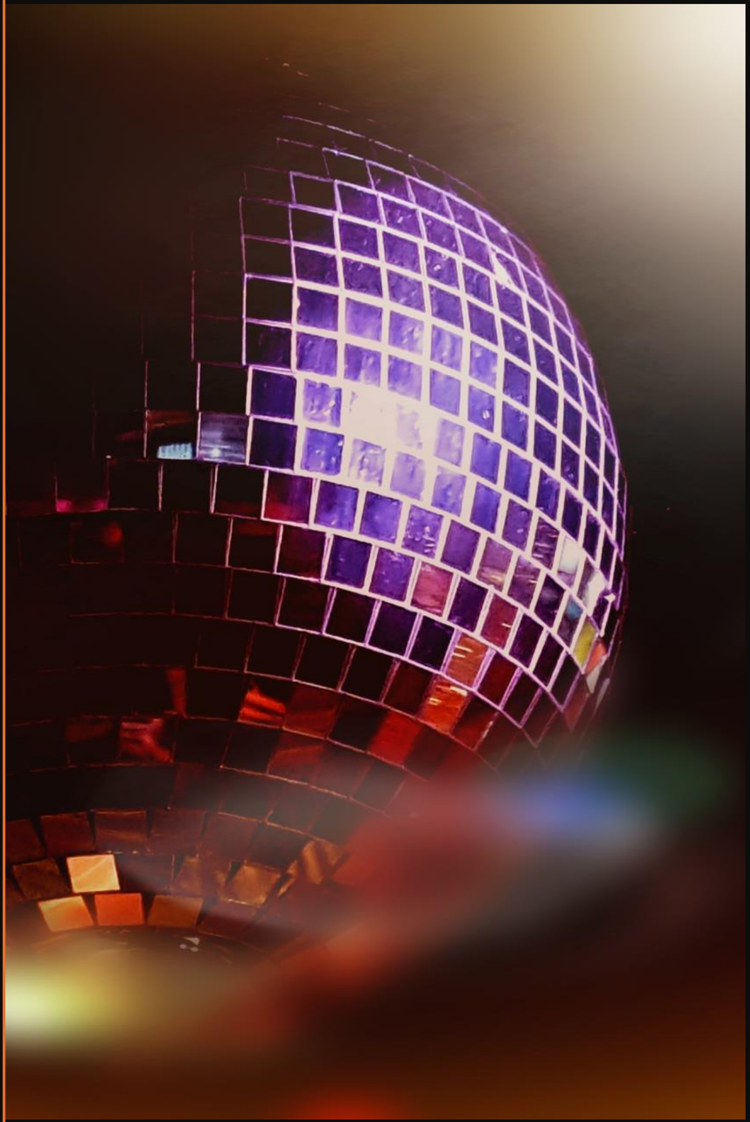
eliminate at least 30% of business, investment conditions which are unnecessary

reduce at least 30% of the time required to handle administrative procedures and 30% of the administrative procedure costs to businesses

complete 100% of the decentralization of administrative procedure authority required in the Prime Minister’s Decision 1015/QĐ-TTg issued in 2022

Within 2026

Applicable legal instruments shall be amended to:	
	reduce or simplify 100% of business, investment conditions which are unnecessary, overlapped or vague
	remove 100% of of business, investment conditions on business, investment segments not listed on the list of conditional businesses under the Investment Law
	reduce at least 50% of the time required to handle administrative procedures and 50% of administrative procedure costs for businesses, compared to 2024
	facilitate online submission of 100% of statutorily required reports by businesses



2. Fast-track Investment Procedure for Tech Investments

What is this?

This is a special investment procedure introduced in the Amended Investment Law, in which eligible investors:

can obtain the investment registration certificates approving their proposed investments in 15 days from the date of submission of the application dossier

are exempt from each of the following permit requirements:

in-principle investment approval

technology appraisal

environmental impact assessment report

detailed master planning application

construction permit

fire safety approval

What projects are eligible?

To be eligible for this fast-track investment procedure, a project must satisfy both the following sector eligibility and location eligibility:

SECTOR ELIGIBILITY

- Investment in innovation and R&D centers, in semiconductor industries including IC design and manufacturing, printed electronics (PE), chips, or semiconductor materials; or
- Investment in prioritized high-tech sectors or production of high-tech products as specified under the Prime Minister's relevant decision.

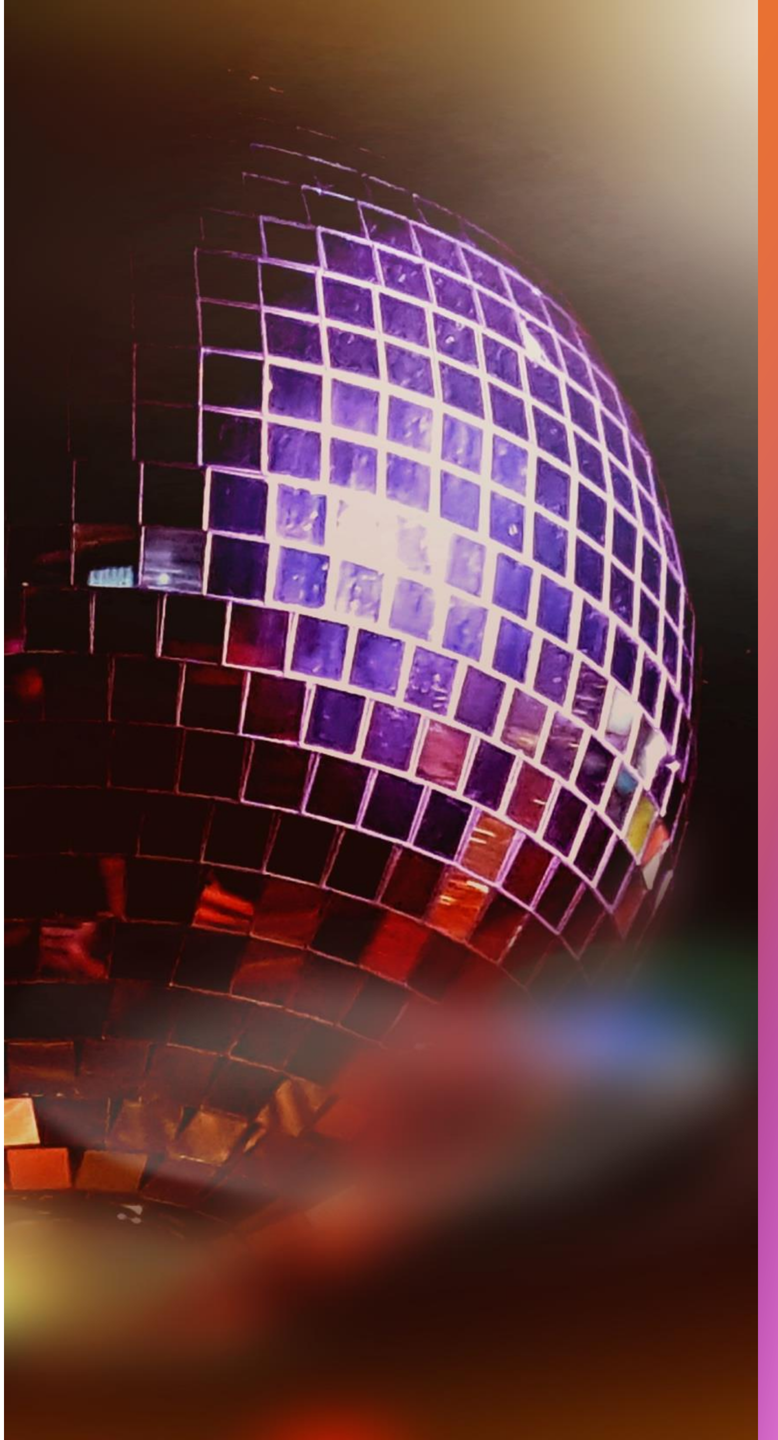
LOCATION ELIGIBILITY

Investment in industrial parks, export processing zones, high-tech zones, centralized IT zones, free trade zones, and functional areas within economic zones.

These special procedures are not applicable to projects falling within the in-principle investment approval authority of the National Assembly.

Competitive Bidding Exemption

If two or more investors propose a project requiring a land lease from the State or a land use purpose conversion at the same location, the relevant investment authority will grant the investment registration certificate to the first investor with a valid application and notify the others. This means that projects eligible for this fast-track investment procedure are not subject to competitive bidding for investor selection in such case of multiple investors expressing interest.



3. Renewable Energy Investments Revolutionary Legal Framework

Renewable Energy DPPA Investments

- The Direct Power Purchase Agreement (DPPA) scheme for renewable energy has been modified to allow DPPA sales through private grids without imposing any minimum capacity requirements, development planning requirements, or investor selection bidding requirements, provided that the buyer is eligible as a large electricity consumer and zero-export devices are utilized to prevent electricity from being exported to national grids.
- In the case of DPPA sales through national grids, the facility is required to engage in the wholesale electricity market to establish a forward contract, must have a minimum capacity of 10MW, and must be approved for inclusion in prevailing power development plans.
- The Government is contemplating changes to the Power Development Plan VIII to significantly boost allowable development capacities for solar energy through to the year 2030.
- An electricity operation license may be necessary for the DPPA scheme (excluding power generation systems with a capacity under 1MW), but the duration of the license can extend up to 20 years, with the issuing authority being decentralized to provincial authorities for most power plants.
- With regulatory and development planning bottlenecks now resolved, the remaining key constraint is likely the tariff caps.

Self-consumption Energy Investments

The establishment of self-consumption power plants has also been liberalized, allowing for development without minimum capacity scale, development planning obligations, or investor selection bidding, provided that zero-export devices are used to prevent electricity being exported to national grids.

Additionally, if their capacity is under 30MW, they do not need an electricity operation license.

4. International Financial Centers (FCs) – Government Resolution 259/NQ-CP

Status

- The Government has issued Resolution 259/NQ-CP on the action plan for setting up financial centers (**FCs**) in Ho Chi Minh City and Da Nang City.
- Relevant ministries are working on the draft resolution on FC incentive policies to be submitted to the National Assembly for approval, targeted by middle of 2025.

Overview

- FC is characterized as an ecosystem for delivering a diversified range of financial and associated non-financial services within a specific area.
- Unique and streamlined regulations and processes are to be put in place for the trading of securities, commodities, and crypto assets on dedicated exchanges in the FCs.
- English is to be designated as the primary language for transactions within the FCs.
- The establishment of international arbitration centers within the FCs will be promoted. Considerations are being made to recognize the parties' agreement to waive the right to request the Vietnamese court to annul the arbitral awards by the Vietnamese court.

The Proposed FC Incentives Revealed

According to the recent proposals being evaluated, entities operating in FCs are considered "**FC members**" and include to both domestic and foreign owned entities. Incentive policies for such entities may include:

FC MEMBERS

1. **License relief**. Foreign investors or foreign investor equivalents can establish enterprises in permitted sectors without proposing an investment project and without the requirement to apply for any investment registration certificate or in-principle investment approval. Transfer of capital in such enterprises is not subject to the M&A approval requirement.

2. **Financial Institution.** For financial-sector institutions, the establishment license issued by the competent regulator for operating in the FC also serves as the certificate of FC membership. Foreign bank branches established or relocated to the FCs are eligible for the same investment incentives as those on the list of preferential investment sectors under the investment laws.

3. **Foreign Ownership Liberalization.** Credit institutions headquartered in the FC are exempt from foreign ownership caps and investment conditions when offering services within the FCs or cross-border.

The Proposed FC Incentives Revealed

According to the recent proposals being evaluated, incentive policies for operation in the FCs may include:

FC-BASED OPERATION

Banking Facilitation. Reputable domestic and foreign credit institutions meeting Basel III standards may establish subsidiaries in the FC to offer FX services while being exempt from statutory investment conditions and prudential rules applicable to credit institutions and being allowed to use overseas IT systems for business operations.

Fintech. A 3-year pilot sandbox program for NFTs, tokens, and crypto asset transactions starting from July 1, 2026 will be developed.

Tax incentives. Corporate and personal income tax exemptions and reductions are offered to investors, experts, and staff working at the FCs.

Labor. Visa incentives, social insurance exemptions and other preferential treatments are offered to the staffing for FC members.

Immovable Property Collateral and Ownership. FC members may mortgage immovable properties to not only onshore credit institutions but also foreign credit institutions. Foreigners working or doing business in the FCs may purchase and sell housing units in housing development projects in the FCs.

5. Foreign Investments in Banks - Decree 69/2025/ND-CP

Raising Foreign Ownership Cap

While the general foreign ownership limit in commercial banks remains at 30%, foreign investors may hold up to 49% of the charter capital in a commercial bank receiving a mandatory transfer (excluding those with over 50% State ownership), as allowed under an approved transfer plan and within its specified timeframe.

A *mandatory transfer* involves the compulsory transfer of all shares or capital contributions by the owners, members, or shareholders of a commercial bank under special supervision for insolvency to the receiving bank.

6. Carbon Exchange – Prime Minister Decision 232/QD-TTg

Carbon Exchange Establishment Plan Approved

A. According to this approved plan, Vietnam will:

- operate its domestic carbon exchange on a pilot basis from June 2025 to December 2028
- launch official operation of the domestic carbon exchange in 2029

B. Eligible participants in the domestic carbon exchange include:

1. For emission allowance transactions

Emitters with allocated emission allowances

2. For carbon credit transactions

- Emitters with allocated emission allowances
- Entities implementing projects under domestic and eligible international carbon credit trading and offset mechanisms
- Entities and individuals eligible to participate in the investment and trade activities involving carbon credits pursuant to relevant laws

Questions?

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