



# LEGAL UPDATE

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## THE LAW ON INVESTMENT 2025: KEY CHANGES AND PRACTICAL IMPLICATIONS FOR INVESTORS

On 11 December 2025, at the 10th Session of the 15th National Assembly, the National Assembly passed the Law on Investment 2025 (the “Law on Investment 2025”), replacing the Law on Investment 2020. The new law will take effect from 1 March 2026, except for provisions relating to conditional business lines under Article 7 and Appendix IV, which are scheduled to take effect from 1 July 2026.

The promulgation of the Law on Investment 2025 takes place in the context of Viet Nam’s ongoing efforts to recalibrate its investment legal framework towards reducing ex-ante approvals, strengthening post-investment supervision, and addressing long-standing practical bottlenecks in project implementation and investment transactions.

Set out below are the key changes under the Law on Investment 2025, viewed through the lens of their direct impact on investment decisions, transaction structuring, and project execution in practice.

### 1. Narrowing conditional business lines and expanding business freedom

The Law on Investment 2025 removes approximately 38 conditional business lines and revises the scope of application of around 20 others.

Notably, the new law clearly distinguishes between two categories of conditional business lines. The first category requires investors to satisfy prescribed conditions before commencing investment or business activities. The second category allows investors to operate by publicly disclosing and complying with applicable technical standards and regulations, subject to post-inspection and supervision.

This approach reflects a clear shift from a licence-based regulatory model towards a standards-based, transparent, and post-supervision framework. As a result, market entry barriers and initial compliance costs for investors are expected to be significantly reduced.

### 2. Clearer determination of projects subject to investment policy approval

A legislative change of particular practical significance is the adoption of a defined list of 20 categories of projects subject to investment policy approval, replacing the previous approach based primarily on approval authority.

These categories focus on projects with substantial impacts on key infrastructure, national defence and security, the environment, the use of land, water and sea areas, and resettlement requirements.

Conversely, several types of projects commonly encountered in practice, such as commercial housing projects, urban development projects where investors are selected through auction or tender, or projects involving land allocation or land lease through land-use right auctions, are no longer subject to investment policy approval.

This clarification enables investors to identify procedural requirements at an early stage of project preparation, enhancing predictability and reducing legal risk during implementation.

### **3. Fundamental change in market entry procedures for foreign investors**

Under the Law on Investment 2025, foreign investors may establish enterprises in Viet Nam without having an investment project or an Investment Registration Certificate at the time of establishment.

Compared with the Law on Investment 2020, this represents a structural reform that shortens market entry timelines, supports a “presence-first, investment-later” strategy, and brings the regime closer to the principle of equal treatment between domestic and foreign investors.

However, detailed implementation of this mechanism will depend on forthcoming guiding regulations, particularly with respect to the timing and procedures for project registration after enterprise establishment.

### **4. Expansion of the special investment procedure**

The Law on Investment 2025 significantly expands the scope of the special investment procedure for projects implemented in industrial zones, export processing zones, high-tech parks, economic zones, international financial centers, and concentrated digital technology parks.

Under this mechanism, investors commit to compliance with applicable standards and regulations and are exempted from a number of ex-ante procedures, including technology appraisal, environmental impact assessment, construction permitting, and fire prevention and fighting appraisal and acceptance.

In practice, the effectiveness of this mechanism will largely depend on how it is applied and supervised at the local level, as well as the degree of coordination among specialised authorities.

## **5. Reduction of investment policy adjustment requirements during implementation**

The Law on Investment 2025 abolishes the obligation to adjust investment policy approval in two situations that previously caused frequent difficulties, namely changes to total investment capital of 20 per cent or more, and changes to previously appraised technology.

This change acknowledges that cost fluctuations and technological adjustments are normal throughout the lifecycle of an investment project, particularly for large-scale projects with extended implementation periods.

## **6. Expanded scope of transferable real estate projects**

The Law on Investment 2025 significantly broadens the range of real estate projects eligible for transfer, including projects that have been subject to investment policy approval, adjustment thereof, or issuance or amendment of an Investment Registration Certificate.

This reform addresses a number of obstacles in project-based M&A transactions, particularly for real estate projects undergoing restructuring.

## **Conclusion**

The Law on Investment 2025 reflects a clear trend towards rebalancing state management and investor autonomy, with an emphasis on reducing ex-ante controls, enhancing predictability, and increasing flexibility in project implementation.

Nevertheless, the practical impact of the new law will depend heavily on the quality, consistency, and timeliness of implementing decrees and guiding circulars, as well as the manner in which competent authorities apply the regulations in practice in the period ahead.

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