

Refining the Law on Enterprises
Key Takeaways from
Vietnam's Draft Amendments
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Refining the Law on Enterprises: Key Takeaways from Vietnam's Draft Amendments

On 20 May 2025, during the 9th session, the National Assembly thoroughly discussed and provided substantive feedback on the draft law amending a number of articles of the Law on Enterprises (**Draft Law**). This Draft Law, which is anticipated to take effect on 1 October 2025 if it is approved, aims to fine-tune certain provisions related to enterprise registration, operations, and corporate governance. The goal is to improve regulatory clarity, enhance transparency.

This legal update outlines the main changes introduced by the Draft Law and their potential impacts on enterprises and stakeholders.

1. New Provisions on “Beneficial Owner”

While the concept is well established internationally, Vietnam is now taking steps to address the growing issue of concealed or proxy ownership, where individuals or organisations exercise control over enterprises in a non-transparent manner, exploiting their controlling position to engage in corruption, money laundering, and other unlawful activities.

In response, the Draft Law introduces new provisions on the identification and disclosure of beneficial owner in enterprises. A beneficial owner (**Beneficial Owner**) of a legal entity is defined as an individual who either has de facto ownership of the enterprise's charter capital or has the right to exercise control over the enterprise. An individual acting as the authorised representative of state capital in an enterprise shall not be deemed a Beneficial Owner under this provision.

Accordingly, the Draft Law sets out several obligations relating to disclosure of beneficial ownership information, including:

- To collect, update, and maintain information on the Beneficial Owners of the enterprise;
- To cooperate with the relevant authorities, upon request, to identify the enterprise's Beneficial Owners;
- To disclose the list of Beneficial Owners at the time of enterprise registration;
- To notify the business registration authority of any changes to the information on the enterprise's Beneficial Owners;
- To supplement beneficial ownership information: For enterprises established prior to 1 October 2025 (the expected effective date of the Draft Law), the update must be made concurrently with the enterprise's next submission for registration of changes or notification of changes to its enterprise registration details.

In addition, the relevant business registration authorities would be responsible for providing information on Beneficial Owners of enterprises, as recorded on the National Enterprise Registration Information System, to the relevant state authorities upon request, for the purpose of anti-money laundering efforts. The business registration authorities shall retain records of beneficial ownership information for a minimum of five (5) years from the date on which the relevant authority issues a decision on the dissolution, bankruptcy, or cessation of operations of the enterprise.

2. Market Value of Capital Contributions and Shares

The market value of the capital contributions or shares is proposed to be defined as (i) the average trading price over thirty (30) days, or the price negotiated between the seller and buyer, or the price determined by a valuation organisation for shares listed or registered for trading on the stock exchange system; or (ii) the trading price

in the market at the most recent time, the price negotiated between the seller and buyer, or the price determined by a valuation organisation for capital contributions or shares not covered under item (i).

3. Amendments and Supplements to Corporate Governance Regulation on Meeting of the Members' Council

Under the current Law on Enterprises, in the case of a limited liability company, if the Chairman of the Members' Council is absent or unable to perform his/her rights and obligations without having authorised another member; or in certain special events such as the Chairman has died, gone missing, been temporarily detained, is serving a prison sentence, is subject to administrative measures and has absconded, has limited or lost legal capacity, has cognitive or behavioural difficulties, or has been prohibited by a court from holding certain positions or practising certain professions, the company is required to convene a meeting of the Members' Council to elect an interim Chairman.

To clarify the procedure for convening such a meeting, the Draft Law supplements that the convening, invitation, and conduct of the meeting shall follow the same rules applicable to regular meetings of the Members' Council. All reasonable costs incurred in relation to the convening and conduct of the meeting shall be borne by the company.

In summary, the Draft Law appears to aim at modernising Vietnam's enterprise regulatory environment. By clarifying the identification and disclosure of beneficial ownership, reinforcing obligations relating to enterprise registration and operation, and supplementing corporate governance mechanisms, the Draft Law aims to create a more transparent, equitable, and secure business landscape. Furthermore, the Government will issue a detailed Decree guiding the application of criteria for identifying and reporting beneficial ownership information, ensuring consistency with the current provisions of the Law on Anti-Money Laundering. These changes are expected to enhance investor confidence, reduce risks of commercial fraud and abuse, and support sustainable development of the business sector. Enterprises and relevant stakeholders are advised to closely monitor the finalisation and implementation of this legislation to ensure timely compliance and to leverage the improved regulatory environment for their strategic growth.

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