

The new Law on Investment 2025

Transformative Changes to Vietnam's Investment Landscape

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On 11 December 2025, the National Assembly of Vietnam officially passed the Law on Investment No. 143/2025/QH15 (**the Law on Investment 2025**), which will replace the Law on Investment No. 61/2020/QH14 (**the Law on Investment 2020**). The new law introduces fundamental shifts in Vietnam's foreign direct investment (**FDI**) regime, aiming to streamline the entry process for foreign investors while tightening state management.

The Law on Investment 2025 will take effect on 1 March 2026, except for the list of conditional business investment lines, which will take effect on 1 July 2026.

We highlight below the key changes introduced under the Law on Investment 2025.

1. A Fundamental Shift in the Licensing Sequence

One of the most significant developments under the Law on Investment 2025 is the introduction of a new licensing sequence for the establishment of foreign-invested enterprises. Particularly, foreign investors will be permitted to establish a legal entity by obtaining an Enterprise Registration Certificate (**ERC**) before carrying out the procedures for obtaining an Investment Registration Certificate (**IRC**). This is a departure from the traditional sequence of requiring an IRC to be obtained before the ERC, which has governed Vietnamese foreign investment for a long time until now.

This amendment effectively addresses foreign investors' struggle in executing essential pre-incorporation steps, such as signing office leases or hiring key personnel, without a legal entity. Under the new framework, investors may now establish a company first and conduct preparatory activities before formalising the investment project.

It should be noted that the investor must ensure they satisfy the market access conditions applicable to foreign investors at the time of incorporation. Furthermore, despite this new sequence, for foreign investors, the IRC remains a statutory requirement for the investment project. A foreign-invested enterprise established before being granted an IRC will still eventually require an IRC to legitimise its operations. Failing to do so could lead to complications with profit remittance and regulatory risk.

2. Refinement of Conditional Business Lines

The Law on Investment 2025 introduces a more targeted approach to market regulation by narrowing the scope of restricted sectors and introducing a new management mechanism for conditional business lines. Specifically, the total number of conditional business investment lines in Appendix IV has been consolidated and reduced to 198 categories. This marks a significant reduction from the list under the Law on Investment 2020, as amended from time to time, effectively lowering entry barriers for a wide range of commercial activities.

The Government is also expected to issue two lists of conditional business lines in two distinct categories, including:

- (i) Sectors that still require licensing or certification prior to the commencement of operations; and
- (ii) Sectors where the management method shifts from pre-licensing to a declaration of compliance. In these sectors, investors may begin operations after fulfilling the statutory requirements and conditions for post-inspections.

Notably, aligning with current policy, the Law on Investment 2025 now explicitly prohibits investment and business activities involving electronic cigarettes and heated tobacco products, completely removing them from the business landscape.

3. Reallocation of Authority for Investment Policy Approval

The Law on Investment 2025 establishes a more detailed classification system for projects requiring investment policy approval, focusing on a decentralisation of power to local authorities, particularly:

- (i) The National Assembly approves investment projects that require the application of special mechanisms and policies that differ from current statutory provisions and resolutions issued by the National Assembly;
- (ii) The Prime Minister retains jurisdiction over projects with significant impacts on national security, natural resources, and sensitive sectors. These include large-scale resettlement projects, conversion of land, casino businesses, nuclear power plants, and projects by foreign investors in restricted sectors such as telecommunications with network infrastructure, afforestation, publishing, and journalism;
- (iii) Chairpersons of Provincial People's Committees are granted broader authority over the majority of remaining projects. This includes projects of residential housing and those located in restricted development zones or historical inner-city areas. Additionally, the provincial level also approves projects involving golf courses, airports, seaports, and projects related to national defence, security, or maritime zones; and
- (iv) Management Boards of Industrial Parks, Export Processing Zones, High-Tech Parks, and Economic Zones have the authority to approve projects implemented within their respective zones, provided such projects align with the master plans approved by competent authorities.

Unlike the Law on Investment 2020, where the authority of the National Assembly and the Prime Minister was mainly determined by quantitative thresholds, such as the size of land or the number of resettled residents, the Law on Investment 2025 significantly amends this by empowering local governance. For instance, many projects previously requiring the Prime Minister's approval, such as those involving large-scale housing or certain seaports, have now been transferred to the Chairpersons of Provincial People's Committees. This shift suggests legislative confidence in local governance and a desire to eliminate administrative bottlenecks at the central level that previously could potentially delay project timelines.

From a practical perspective, this means that provincial authorities and Zone Management Boards are now authorised to approve the majority of investment policies of foreign investors. For investors, the primary takeaway is that the location of an investment project is as important to the approval pathway as its sector. This means that land, environmental, heritage, and planning due diligence must be conducted before implementing the project to avoid unforeseen jurisdictional delays.

4. Project Durations regulations adjustments

While the operating limits of 50 years for projects outside economic zones and 70 years for those within remain consistent, under the Law on Investment 2025, high-tech zones, concentrated digital technology parks, and projects qualifying for special investment incentives are now eligible for the maximum 70-year term. Additionally, the law now provides a mechanism for extending a project's duration upon its expiration. Provided that investors satisfy statutory requirements and the project does not involve outdated technology, significant environmental risks, or mandatory non-compensated asset transfers to the State, they may seek extensions where each renewal period can last up to the original maximum term. This ensures that strategic investments can maintain operational continuity far beyond their initial licensing period.

Furthermore, the Law on Investment 2025 strengthens investor protection by stipulating that delays caused by force majeure, the actions of competent authorities, or slow administrative procedures are not counted against the project's operating term or execution progress. This provides more protection for investors as the Law on Investment 2020 only paused the operating term for delays in land handover. Combined with the new explicit right for investors to adjust their operating terms throughout the project's lifecycle instead of only at the expiration of the project, the new framework offers a much more balanced approach between state oversight and the flexibility offered to investors.

5. Transitional Provisions

The Law on Investment 2025 officially enters into force on 1 March 2026, and the revised list of conditional business lines will apply on 1 July 2026. Generally, according to the transitional provision, all IRC, approvals, and licences issued under the Law on Investment 2020 remain valid.

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