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THE LAW ON INVESTMENT 2025, EFFECTIVE FROM 1 MARCH 2026, INTRODUCES KEY CHANGES FOR INVESTORS AND ENTERPRISES



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ABSTRACT:

The period from 2020 to 2025 has been marked by significant geopolitical volatility. Investment activities and global supply chains have undergone substantial restructuring. It is widely observed that investment flows in general, and next-generation foreign direct investment (FDI) in particular, are no longer primarily driven by low-cost advantages or short-term incentives. Instead, they are increasingly oriented toward jurisdictions offering stable investment

environments, well-integrated political, social, environmental, and technological infrastructure, and a strong commitment to sustainable development standards.

In this context, despite the Law on Investment having been amended and promulgated in 2020¹ and subsequently revised three times (in 2022, 2024, and 2025), there remains an urgent need to enact a unified, stable, and transparent investment law with low compliance costs, capable of unlocking potential, fostering growth, and attracting both domestic and foreign investment resources.

In furtherance of Politburo of Vietnam's Resolution No. 68-NQ/TW dated 4 May 2025 on private sector development, Conclusion No. 119-KL/TW dated 20 January 2025 on orientations for reforming and improving the law-making process, and Resolution No. 66/NQ-CP dated 26 March 2025 of the Government on the program for reducing and simplifying administrative procedures related to production and business activities for 2025–2026, the Law on Investment 2025² has been promulgated and takes effect on 1 March 2026, further enhancing the legal framework governing investment and business activities in Vietnam.

¹ Law on Investment No. 61/2020/QH14 issued by the National Assembly dated 17/06/2020, effective date from 01/01/2021 (“**Law on Investment 2020**”).

² Law on Investment No. 143/2025/QH15 issued by the National Assembly dated 11/12/2025, effective date from 01/03/2026 (“**Law on Investment 2025**”).

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Key highlights of the Law on Investment 2025 that investors and enterprises should note include:

- (i) Further decentralization of authority to approve investment policy to local authorities, along with clearer identification of projects subject to such approval;
- (ii) Expansion of the scope of application of special investment procedures (introducing a “post-audit” mechanism in lieu of “pre-approval”);
- (iii) Introduction of provisions allowing foreign investors to establish economic organizations prior to obtaining an Investment Registration Certificate ;
- (iv) Reduction in the number of conditional business lines;
- (v) Elimination of two cases in which investors are required to obtain approval for adjustments to investment policy;
- (vi) Greater flexibility for investors in adjusting the operational term of investment projects; and
- (vii) Simplification of procedures for outbound investment.

1. DECENTRALIZATION OF AUTHORITY FOR APPROVAL OF INVESTMENT POLICY

Previously, the amended Law on Investment 2020 categorized projects subject to investment

policy approval based on the authority of competent bodies, namely the National Assembly, the Prime Minister, and provincial-level People’s Committees. The Law on Investment 2025 adopts a clearer and more practicable approach. Article 24 sets out an exhaustive list of 20 categories of projects subject to investment policy approval, while Article 25 delineates the approving authorities in hierarchical order, including the National Assembly, the Prime Minister, Chairpersons of provincial-level People’s Committees, and Management Boards of industrial parks, export processing zones, high-tech zones, and economic zones. A notable development is the stronger push toward decentralization of approval authority. This shift is expected to shorten the timeline for implementing investment procedures and alleviate the appraisal and approval burden at the central level.

Specifically, the National Assembly now retains authority only over “*investment projects requiring the application of special mechanisms or policies that deviate from existing laws or resolutions of the National Assembly.*” All other categories of projects that previously fell under its authority under the Law on Investment 2020, such as projects with significant environmental impact, projects involving large-scale conversion of agricultural land use, or projects requiring large-scale resettlement, have been reallocated to the Prime Minister.

In contrast, the Prime Minister continues to retain authority over eight categories of projects

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with substantial implications for national security, natural resources, and sensitive sectors, including, for example, investment projects involving betting and casino operations, as well as nuclear power plant projects, etc.

At the same time, the provincial People's Committee³ are granted broader authority compared to the Law on Investment 2020, with competence expanded to cover 13 categories of investment projects, up from 7 previously. Specifically, several categories of projects that were formerly under the authority of the Prime Minister, such as petroleum processing projects; airports and airfields; runways; passenger terminals of international airports; and new investment projects in air passenger transport services, have now been further decentralized to the Chairpersons of the provincial People's Committees.

In addition to clarifying and decentralizing project categories subject to investment policy approval, the Law on Investment 2025 no longer prescribes detailed provisions on dossiers, procedures, and processes for such approval. These matters are instead delegated to the Government for detailed regulation. This approach is intended to enhance the stability of

the law while ensuring greater flexibility in policy administration by the Government.

2. EXPANSION OF THE SCOPE OF APPLICATION OF SPECIAL INVESTMENT PROCEDURES

Previously, this mechanism had been applied on a limited basis since 15 January 2025, when one of the amendments to the Law on Investment 2020⁴ introduced the option for investors to select a special investment procedure, provided that the project was implemented in designated areas such as industrial parks, export processing zones, high-tech zones, or functional zones within economic zones. Its application was further restricted to certain priority sectors relating to innovation and high technology, including investments in research and development (R&D) centers, semiconductor integrated circuit and semiconductor materials industries, as well as infrastructure for Big Data, cloud computing (iCloud), 5G, etc.

With effect from 1 March 2026, Article 28 of the Law on Investment 2025 significantly broadens the scope of this special investment procedure. It now applies to investment projects located in industrial parks, export processing zones, high-

³ The Law on Investment 2025 has shifted the authority for investment policy approval at the provincial level from the provincial People's Committee(s) to the Chairperson thereof.

⁴ Law No. 57/2024/QH15 amending and supplementing certain provisions of the Law on Planning, Law on Investment, Law on Public-Private Partnership Investment and Law on Bidding, in force as from 15 January 2025.

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tech zones, centralized digital technology zones, free trade zones, international financial centers, and functional zones within economic zones, across all business sectors, except for “*projects subject to investment policy approval as prescribed by the Government*”.

This procedure allows investors to bypass the entire “pre-approval” appraisal process, which would otherwise take several months and include steps such as investment policy approval, technology appraisal, environmental impact assessment, preparation of 1/500 detailed planning, construction permitting, and fire prevention and fighting approval. Instead, competent authorities will assume responsibility for inspection, supervision, and evaluation of project implementation under a “post-audit” mechanism in accordance with applicable laws, as well as in line with Government guidance at the decree level.

From a regulatory and policy-making perspective, this represents a significant development under the Law on Investment 2025. It reflects a continued shift toward reducing ex ante licensing requirements for projects implemented in areas with well-developed and integrated infrastructure, while placing greater emphasis on reporting, evaluation, inspection, and supervision during project implementation.

In parallel, with the establishment of the Vietnam International Financial Center (VIFC),

the special investment procedure is expressly extended to the VIFC, aligning with the Vietnamese Government’s policy of positioning it as an attractive investment destination for investors.

3. ALLOWING FOREIGN INVESTORS TO ESTABLISH ECONOMIC ORGANIZATIONS PRIOR TO OBTAINING AN INVESTMENT REGISTRATION CERTIFICATE

For the first time, the Law on Investment 2025⁵ permits foreign investors to establish an economic organization and obtain an Enterprise Registration Certificate (“**ERC**”) prior to applying for an Investment Registration Certificate (“**IRC**”), provided that market access conditions are satisfied.

This reform is intended to address a longstanding bottleneck in foreign investment activities. Previously, in order to prepare an application for an IRC, foreign investors were required to undertake various preparatory steps, such as entering into office lease agreements, recruiting key personnel, opening bank accounts, or arranging work authorization for foreign employees, all while “lacking legal entity status”. Allowing the issuance of an ERC prior to IRC application enables foreign investors to shorten market entry timelines, reduce intermediary costs, and enhance proactiveness, transparency,

⁵ Article 19.2 of Law on Investment 2025.

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and efficiency in structuring, negotiating, and implementing investment projects.

However, the practical implementation of this provision remains subject to further guidance at the decree level. In particular, appropriate regulatory solutions will be required to address scenarios where a foreign investor has obtained an ERC but is subsequently unable to secure an IRC.

4. REDUCTION OF THE LIST OF CONDITIONAL BUSINESS LINES

The Law on Investment 2025 further operationalizes the overarching policy of streamlining conditional business lines by reducing the list from 227 sectors to 198 sectors.

Specifically, certain sectors such as tax procedure services, customs procedure services, insurance auxiliary services, labor outsourcing services, architectural services, and data center services have been removed from the list.

At the same time, several new business lines reflecting emerging economic demands have been added, including services supporting transactions on the domestic carbon exchange (in line with Decree No. 29/2026/ND-CP on the domestic carbon trading platform) and mobile money services.

In addition, the Government is tasked with classifying these 198 conditional business lines and promulgating two separate lists:⁶

- (i) Business lines that require licensing or certification prior to commencing investment and business activities; and
- (ii) Business lines for which the regulatory approach will shift from licensing or certification to a disclosure-based regime, whereby enterprises are required to publish applicable conditions and will be subject to post-audit supervision.

The publication of these lists will provide greater clarity for investors, enabling them to distinguish between sectors that require the investor to comply with or require sub-licenses as a prerequisite for operation and those that, although conditional, may commence operations upon disclosure and be subject to subsequent “post-audit” regulatory.

Note: The list of conditional business lines under Appendix IV of the Law on Investment 2025 will take effect from 1 July 2026.

5. REDUCING THE NUMBER OF CASES REQUIRING ADJUSTMENT OF INVESTMENT PROJECTS

⁶ Article 7.1 of the Law on Investment 2025.

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During the implementation of an investment project, investors are, in certain circumstances, required to carry out procedures for adjusting the investment project, including obtaining approval for adjustments to the investment policy. In practice, these procedures can be time-consuming, disrupt project implementation, and even cause investors to miss business opportunities or delay the adoption of new technologies, particularly in cases where the changes do not necessitate substantive regulatory intervention.

Article 33 of the Law on Investment 2025 addresses this issue by abolishing two cases in which adjustment of the investment policy was previously mandatory upon modification of an investment project, namely:

- (i) Changes to the total investment capital by 20% or more resulting in a change in project scale; and
- (ii) Changes to technologies that had been appraised or consulted during the investment policy approval process.

Following this streamlining, Article 33 now retains only five cases in which investors are required to obtain approval for adjustments to the investment policy:

- (i) Amendments to or supplementation of contents or objectives that fall within the scope of investment policy approval as stipulated in the original approval decision;

- (ii) Changes to the scale of land use as prescribed by the Government (previously defined as exceeding 10% or 30 hectares), or changes to the project location;
- (iii) Extension of the project implementation schedule where the adjustment exceeds 24 months, as provided under Article 33.4 of the Law on Investment 2025;
- (iv) Adjustment of the operational term of the investment project; and
- (v) Changes to the investor of a project that was approved concurrently with investor approval prior to project operation, or changes to investor conditions (if any).

Note: Although the two abolished cases no longer require adjustment of the investment policy, if such changes result in modifications to key contents recorded in the Investment Registration Certificate (IRC), investors are still required to carry out procedures to amend the IRC to reflect those changes.

6. GREATER FLEXIBILITY IN THE OPERATIONAL TERMS OF INVESTMENT PROJECTS

Unlike the Law on Investment 2020, the Law on Investment 2025 grants investors greater autonomy in managing the operational term of their investment projects.

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Under the Law on Investment 2020, the prevailing interpretation limited investors to extending the operational term of a project only upon its expiry, and only where the investor wished to continue implementing the project.

By contrast, while the Law on Investment 2025 retains this mechanism, thereby preserving the right of investors to apply for an extension upon expiry, it further expands investor rights by allowing that, “*during the course of project implementation ... investors may **increase or decrease** the operational term of the investment project.*”⁷

This provision establishes a mechanism providing investors with greater certainty in forecasting and managing the duration of their investment projects. Accordingly, during the course of project implementation, investors may proactively request an extension of the project’s operating term beyond the period previously approved, rather than having to wait until the expiry of the project term to initiate extension procedures.

Furthermore, for project transfers, the Law on Investment 2025 introduces the possibility of extending the operational term based on proposals from the transferee-investor, particularly where the remaining term of the project is insufficient to support the latter’s financial plan or business model.⁸ Such proposals are to be submitted in conjunction

with procedures for approval or adjustment of the investment policy, or for the issuance or amendment of the IRC during the project transfer process.

7. SIMPLIFICATION OF OVERSEAS INVESTMENT

The Law on Investment 2025 abolishes the requirement for investment policy approval for outward investment activities. Accordingly, investors are now only required to obtain an Outward Investment Registration Certificate in two cases: (i) the project involves an outward investment capital amount exceeding the threshold prescribed by the Government; or (ii) the project falls within conditional outward investment sectors as stipulated under Article 41.1 (i.e. banking, insurance, securities, press, broadcasting, television, and real estate business). For large-scale projects or those proposing special mechanisms or policies, the Ministry of Finance is required to report to the Prime Minister for consideration prior to the issuance or amendment of the Outward Investment Registration Certificate.

Projects that do not fall within the above cases are exempt from the requirement to obtain an Outward Investment Registration Certificate and are only required to register foreign exchange transactions in accordance with relevant laws.

⁷ Article 31.4 of the Law on Investment 2025.

⁸ Article 52.6 of the Law on Investment 2025.

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8. KEY TRANSITIONAL PROVISIONS OF NOTE FOR INVESTORS

Pursuant to Article 52 of the Law on Investment 2025, several transitional provisions apply from 1 March 2026 as follows:

First, preservation of the legal validity of previously issued licenses.

All Investment Licenses, Investment Incentive Certificates, Investment Certificates, IRCs, and decisions on investment policy approval or approval in principle issued prior to the effective date of the Law on Investment 2025 shall remain valid and continue to be implemented in accordance with their approved contents.

Second, retention of more favorable market access conditions.

Economic organizations with foreign invested capital that are currently subject to more favorable market access conditions than those prescribed under Article 8 of the Law on Investment 2025 shall continue to enjoy such conditions as recorded in their issued IRCs. This ensures the stability of the investment environment and compliance with international investment treaties.

Third, continued processing of pending applications under the previous law.

Valid applications received in accordance with the Law on Investment 2020 prior to 1 March 2026 shall continue to be processed under the

provisions of the Law on Investment 2020, except for the following two cases:

- (i) Where a project had been submitted to the Prime Minister for consideration of investment policy approval or adjustment prior to the effective date of the Law on Investment 2025 but fails to meet the conditions for approval or adjustment under the Law on Investment 2020, the Ministry of Finance shall transfer the project dossier, appraisal opinions, and appraisal report to the Chairperson of the provincial People's Committee for handling in accordance with the authority prescribed under the Law on Investment 2025;
- (ii) Where a project had not yet been submitted to the Prime Minister for consideration of investment policy approval or adjustment prior to the effective date of the Law on Investment 2025, the Ministry of Finance shall transfer the project dossier and appraisal opinions (if any) to the Chairperson of the provincial People's Committee for handling in accordance with the authority prescribed under the Law on Investment 2025.

Fourth, continued validity of sub-licenses for abolished conditional business lines.

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For conditional business lines that were regulated under the Law on Investment 2020 but have been abolished under the Law on Investment 2025, organizations and individuals may continue to use licenses, certificates, practicing certificates, written confirmations, or other forms of approval for investment and business activities issued by competent state authorities until their expiry dates.

maximizing the benefits arising from the new legal framework.

CONCLUSIONS:

Overall, the Law on Investment 2025 introduces substantial and fundamental changes in legislative approach and regulatory philosophy, moving toward a more progressive, modern, and innovation-driven framework. These changes reflect a clear shift from centralized to decentralized authority, from ex-ante licensing to ex-post supervision, and from detailed prescriptive rules to a principles-based legal framework. Such reforms are designed to further improve the legal regime governing investment activities, remove regulatory bottlenecks, align with international standards, and enhance Vietnam's regional and global competitiveness.

Investors and enterprises should note these changes, develop a thorough understanding of the new provisions under the Law on Investment 2025, as well as closely monitor implementing decrees issued by the Government and Circulars from relevant ministries. Doing so will be critical to effectively leveraging these reforms and

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Chúng tôi giữ quyền sửa đổi, tạm ngừng hoặc ngừng vĩnh viễn hoạt động của bản tin này hoặc bất kỳ phần nào của bản tin mà không thông báo trước. Chúng tôi không chịu bất kỳ trách nhiệm nào về các sửa đổi, tạm ngừng hoặc ngừng vĩnh viễn hoạt động của bản tin này.

Nếu bạn có vấn đề nào cần tư vấn, hãy liên hệ với chúng tôi hoặc yêu cầu luật sư của bạn tư vấn về vấn đề đó cho bạn.

Tất cả các quyền, bao gồm cả quyền sở hữu, quyền tác giả, quyền liên quan và các quyền sở hữu công nghiệp đối với nội dung thông tin, thiết kế, trình bày mỹ thuật của bản tin này thuộc chúng tôi và được bảo vệ theo Luật Sở hữu Trí tuệ Việt nam, các hiệp định, hiệp ước quốc tế mà Việt nam đã ký kết.

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