



LEGAL UPDATE

DRAFT LAW ON BUSINESS INVESTMENT

In September 2025, the Ministry of Finance (“MOF”) released the Draft Law on Business Investment (“**Draft Law**”) for public consultation, with its adoption expected during the 10th session of the 15th National Assembly. This update highlights several key proposed changes:

1. Legislative Streamlining and Regulatory Delegation

The Draft Law represents a shift in legislative technique, whereby only essential principles and matters within the National Assembly’s competence are retained at the law level, while detailed regulatory provisions are delegated to the Government. This new legislative approach is demonstrated through the following revisions:

- i. **Conditional business sectors:** Rather than embedding the list of conditional business sectors directly in the law, the Government will be authorised to issue and update this list through sub-law instruments.¹
- ii. **Incentives and support:** Chapter III of the Draft Law retains only overarching principles, while specific figures, criteria and conditions will be stipulated in subsequent governmental regulations.
- iii. **Administrative procedures:** Detailed rules on application dossiers, procedures and license contents (e.g., Investment Registration Certificate (“**IRC**”), Outbound Investment Registration Certificate (“**OIRC**”) are removed from the law and deferred to Government decrees.²

2. Establishment of Economic Organisations by Foreign Investors³

Foreign investors will no longer be required to obtain an IRC prior to establishing an enterprise. They may first incorporate the enterprise and subsequently register their investment project. This approach is expected to enhance procedural parity between foreign and domestic investors and facilitate foreign investment into Vietnam.

3. Reform of Investment Policy Approval Procedures

The Draft Law centralizes investment policy approval authority by removing the National Assembly’s role in this process. Projects that previously required National Assembly approval will now be decided by the Prime Minister, except for certain special projects, such as those requiring unique policies not yet codified in law or those subject to directives of the Politburo, the Secretariat of the Communist Party, or the Government’s Party Committee. In these cases, the Prime Minister may grant approval upon obtaining the consent of the National Assembly Standing Committee.⁴

At the local level, approval authority is transferred from the Provincial People’s Committee to the Chairman of the Provincial People’s Committee,⁵ aligning with the organisational principles of local government set out in the Law on Organisation of Local Administration.

4. Outbound Investment

The Draft Law abolishes the list of conditional outbound investment sectors and clearly defines the authority to issue OIRCs, thereby enhancing transparency and consistency in licensing practice. It also removes the requirement for outbound investment policy approval procedures.

For outbound investment projects with capital of less than VND 20 billion (approximately USD 760,000), investors are exempted from obtaining an OIRC and are only required to register foreign exchange transactions with the State Bank of Vietnam.⁶

The deadlines for repatriating profits to Vietnam is extended from 6 months to 12 months, calculated from the date of the final tax report or an equivalent document.⁷

¹ Article 7.7 of Draft Law

² Article 30.4, 47.3 of Draft Law

³ Article 21 of Draft Law

⁴ Article 27.8 of Draft Law

⁵ Article 28 of Draft Law

⁶ Article 47 of Draft Law

⁷ Article 54 of Draft Law



5. Conclusion

The Draft Law represents a significant step towards modernising Vietnam’s investment legal framework. By simplifying administrative procedures, delegating regulatory details to the Government, and enhancing legal clarity, the Draft Law aims to create a more transparent, predictable, and competitive investment environment.

These reforms are expected to remove long-standing procedural bottlenecks and strengthen Vietnam’s position as a dynamic and reliable investment destination for both domestic and foreign investor.

Nonetheless, as many substantive and procedural details are deferred to future governmental decrees, concerns remain that excessive reliance on sub-law instruments may reduce legal stability and predictability for investors during the transition period. In addition, while allowing foreign investors to establish an enterprise before obtaining an IRC may accelerate market entry, it may also imply practical risks if the investment project is subsequently not approved.

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