

LEGAL BRIEFING
A YEAR OF REFORM: KEY 2025
RESOLUTIONS RESHAPING
VIETNAM'S LEGAL AND
ECONOMIC LANDSCAPE

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A. SPECIAL MECHANISMS FOR METRO LINES: KEY HIGHLIGHTS FROM RESOLUTION 188/2025

I. Overview of Resolution 188/2025/QH15

Resolution 188/2025/QH15, promulgated by the National Assembly on 19 February 2025 (“**Resolution 188/2025**”), stipulates pilot mechanisms and special policies for the development of the urban railway network in Hanoi and Ho Chi Minh City. In the context of Vietnam’s increasing emphasis on investing in mass transit infrastructure, this Resolution is a breakthrough legal instrument to overcome financial, legal, and technical barriers. It aims to incentivize the development of urban railway projects under the Transit-Oriented Development (“**TOD**”) model.

II. Key provisions of Resolution 188/2025

1. Flexibility in capital mobilization and investment sources

The mobilization of investment capital for urban railway projects, including those under the TOD model, will be conducted more flexibly, creating many favorable conditions and supporting investment activities in developing the urban railway network in Ho Chi Minh City and Hanoi. Capital mobilization can be carried out from all sources such as the central and local budgets, revenues from urban development based on the TOD model, issuance of local government bonds, etc., to invest in and develop planned urban railway network projects¹.

The procedures for mobilizing ODA capital and concessional foreign loans to implement projects are simplified and optimized by eliminating the need to prepare project proposals using ODA or concessional foreign loans. In certain cases, regulations applicable to foreign investors may be applied if Vietnamese law does not yet have relevant provisions or has different provisions².

Especially for projects in Ho Chi Minh City, revenues for developing the urban railway system, public transport system, and connecting technical infrastructure can be sourced from revenue generated by exploiting the increased land value within TOD areas, fees collected from the additional floor area of civil construction projects due to increased land use coefficients and other planning indicators of the TOD area, and infrastructure improvement charges³. This creates a basis for the city to reimburse or support part of the capital for investors implementing projects under the TOD model, thereby helping investment activities and capital attraction to proceed in a stable and long-term manner.

2. Policies regarding urban development under the TOD model

State management agencies in Ho Chi Minh City and Hanoi have the right to select standards and criteria for urban development in TOD areas that are suitable for local characteristics, as stipulated in Resolution 188/2025. The economic-technical indicators and land-use planning within TOD areas are not bound by the national technical standards on urban and rural planning⁴, providing flexibility in constructing and developing urban areas under the TOD model without being constrained by traditional standards and criteria. Furthermore, in cases where route options, facility locations along the urban railway lines, or TOD area planning are inconsistent with the approved planning approved

¹ Articles 4.1, 4.2 of Resolution 188/2025

² Article 4.1 (b) of Resolution 188/2025

³ Article 9.1 of Resolution 188/2025

⁴ Article 6.1 (a) of Resolution 188/2025

by competent authorities, such contents may be approved without the need to carry out procedures to adjust land use plans or related planning documents⁵.

3. Human resource development policies

Resolution 188/2025 introduces numerous policies and preferential mechanisms for training human resources to develop the urban railway network. Enterprises participating in scientific and technological tasks serving TOD projects are granted multiple incentives similar to those provided to high-tech enterprises under the laws on tax and land⁶. For examples, enterprises take part in such mentioned tasks are entitled to exemption from export and import taxes⁷. Additionally, they are also granted land without having to pay land use fees, and enjoy exemptions or reductions on land use taxes⁸. Another key point is, the income of enterprises executing scientific and technological tasks for projects in TOD areas will be tax-exempt as stipulated by this Resolution, an improvement over the standard incentives for high-tech businesses, which typically enjoy a 10% CIT rate for 15 years⁹.

In addition, policies on developing high-tech human resources for these projects are vigorously promoted. Organizations and individuals involved in training and developing human resources are entitled to preferential policies under high-tech law. These may include the highest incentives relating to land law, import tax, and eligibility to receive funding or support from science and technology funds and other funds¹⁰.

4. Construction material policies

Administrative procedures related to the exploitation of construction materials are simplified. For example, there is no need to adjust provincial planning, prepare investment projects, or carry out environmental procedures when extending the exploitation period or increasing capacity according to project demands for mineral mines that have been licensed, are operating, and still have valid exploitation terms, or those whose exploitation period has expired but still have reserves and have not completed mine closure procedures¹¹.

For mineral mines that have not yet been granted exploitation licenses, local authorities are authorized to issue exploitation licenses for construction materials without requiring an auction for mineral exploitation rights¹².

III. Impacts of Resolution 188/2025 and Investment Opportunities

1. Implementation Plan

After the issuance of Resolution 188/2025, the People's Committees of Ho Chi Minh City and Hanoi have developed implementation plans for the Resolution¹³. Accordingly, the plans outlined several key tasks to be carried out as follows:

⁵ Article 6.1 (b) of Resolution 188/2025

⁶ Article 7 of Resolution 188/2025

⁷ Article 16.3 of the 2016 Export Tax, Import Tax Law

⁸ Article 12.2 of the 2008 High Technologies Law

⁹ Article 13.1 (a) of the 2025 CIT Law

¹⁰ Article 28.2 of the 2008 High Technologies Law

¹¹ Article 8.1 (a) of Resolution 188/2025

¹² Article 8.1 (b) of Resolution 188/2025

¹³ Decision 1151/QĐ-UBND and Decision 2613/QĐ-UBND

- Developing resolutions on planning, finance, technical standards, and railway industry;
- Mobilizing capital from the central and local budgets as well as other legal sources;
- Formulating methods to mobilize ODA capital and issuing local government bonds;
- Issuing regulations on the content, procedures, and processes for drafting, appraising, and approving route plans and project locations along urban railway lines, as well as TOD area planning; regulations on railway science and technology development and detailed provisions on research, application, and technology transfer;
- Developing regulations on drafting, appraising, and approving routes and project locations according to planning and overall technical design (FEED design) to replace the basic design in the feasibility study report. At the same time, setting criteria for selecting organizations and enterprises to participate in providing railway industrial services and products, and establishing a system of technical standards and criteria for this transportation type.

2. Legal Framework Completion

After the promulgation of Resolution 188/2025 and its implementation plans, the Government issued Decree 123/2025/NĐ-CP, which provides more specific and detailed regulations on several aspects of Resolution 188/2025 - particularly regarding the allocation of investment capital, as well as the procedures for investing in urban railway projects and those developed under the TOD model.

Notably, on June 27, 2025, the National Assembly adopted the Railway Law, introducing additional special mechanisms and policies for railway development. A particular emphasis is placed on encouraging private sector participation in railway investments, including urban railways. Beyond previously mentioned support policies, new incentives for participating enterprises include the right to access state investment credit or receive government guarantees for their loans when investing in railway infrastructure development¹⁴. Moreover, the new Law emphasises the prioritization in the purchase and use of goods and services produced or provided by domestic manufacturers and service providers. These mechanisms create greater opportunities and favorable conditions for domestic investors to engage in the development of the TOD model¹⁵.

Establishing a comprehensive legal framework for the urban railway network under the TOD model is considered essential. Such a framework will clarify outstanding and unspecified provisions in Resolution 188/2025, thereby ensuring legal stability and predictability for investors who participate in urban railway or TOD-based urban railway projects.

3. Investment Opportunities

Resolution 188/2025 opens up numerous opportunities for both domestic and foreign investors, including:

- Flexible legal mechanisms that facilitate access to diverse sources of capital: investors can leverage funds from the budget, bonds, and revenues from exploiting land value in TOD areas.

¹⁴ Article 5.6 (b) of Law on Railway

¹⁵ Article 5.6 (d) of Law on Railway

- Enjoyment of special preferential policies: tax exemptions and reductions, land support, and funding for technology research create favorable conditions for enterprise participation.
- A promising market: the synchronized development of the urban railway system and TOD urban areas offers great opportunities for investors in real estate, transportation, and technology sectors.

IV. Conclusion

Resolution 188/2025 marks a significant step forward in promoting the development of urban railway systems in Ho Chi Minh City and Hanoi. With tailored mechanisms for capital mobilization, urban planning, human resource training, and construction material management, the Resolution not only addresses current barriers but also lays a solid foundation for sustainable urban transport development in the future. Investors can leverage these preferential policies to engage in this promising market.

B. VIETNAM'S RESOLUTION ON STREAMLINING THE JUDICIAL SYSTEM: JUDICIAL ANNULMENT OF ARBITRAL AWARDS IN VIETNAM

As part of Vietnam's comprehensive judicial reform efforts, there is notably major reshaping of the country's court system. Under the new structure, the existing High People's Court and District People's Court will be dissolved and replaced with a streamlined three-tier hierarchy. To facilitate this judicial reform, the 2025 amended Law on Organisation of the People's Courts is accompanied by a series of resolutions from the National Assembly ("**NA**"), specifically Resolution No. 81/2025/UBTVQH15 ("**Resolution 81**"). This Resolution marks a pivotal judicial reform and sets a new baseline for dispute resolution, when officially designates the Provincial People's Courts as the competent bodies to handle requests for annulment of arbitral awards.

Overview of the Reform

Vietnam's judicial system underwent a landmark transformation on 1 July 2025, with the implementation of **Resolution 81** by the Standing Committee of the National Assembly. This comprehensive reform represents one of the most significant restructuring efforts in Vietnam's judicial history, transitioning from a four-tier court system to a streamlined three-tier hierarchy comprising:

1. The Supreme People's Court, the highest judicial authority;
2. 34 Provincial People's Court, reduced from the current 63 to align with administrative restructuring;
3. 355 Regional People's Court, newly established courts replacing the district-level courts, with broader jurisdictional coverage.

The reform eliminates the High People's Courts and District People's Courts, consolidating their functions into the new structure to promote greater consistency, efficiency, and specialization in judicial proceedings.

Under this new structure after the "Vietnam Reform":

- Regional People's Court will be established to take over the first-instance jurisdiction previously handled by district-level courts.
- A new Court of Appeals, operating under the Supreme People's Court, will assume the appellate functions formerly exercised by the High People's Courts.

Most significantly for commercial arbitration, the Resolution centralizes the critical function of arbitral award annulment in just three Provincial People's Courts: Hanoi, Da Nang, and Ho Chi Minh City.

Resolution on the establishment of Provincial and Regional People's Court - Key Highlights

1. Authority to Annul Arbitral Awards

Vietnamese law recognizes that courts and arbitral tribunals jointly serve to ensure efficient, diverse dispute resolution and to safeguard the rights and obligations of economic actors. The court plays a supervisory role: **(1)** it may annul arbitral awards that contravene basic legal standards; or **(2)** suffer

from serious procedural flaws. This authority is a vital legal safeguard, helping to reinforce trust in arbitration by ensuring final awards remain aligned with public policy and procedural integrity.

Under **Article 2, Resolution 81**, only three Provincial People's Court have jurisdiction to annul arbitral award:

- **Hanoi People's Court:** Jurisdiction over 18 provinces and cities, including Hanoi, Hai Phong, Bac Ninh, Cao Bang, Dien Bien, Ha Tinh, Hung Yen, Lai Chau, Lang Son, Lao Cai, Nghe An, Ninh Binh, Phu Tho, Quang Ninh, Son La, Thai Nguyen, Thanh Hoa, and Tuyen Quang;
- **Da Nang People's Court:** Covers Da Nang, Hue, and the provinces of Dak Lak, Gia Lai, Khanh Hoa, Quang Ngai, and Quang Tri;
- **Ho Chi Minh City People's Court:** Encompasses Ho Chi Minh City, Can Tho, An Giang, Ca Mau, Dong Nai, Dong Thap, Lam Dong, Tay Ninh, and Vinh Long.

Regional and district courts no longer possess this authority, focusing instead on other judicial tasks, effectively enhancing labor division and efficiency.

2. Reasons for limiting the Annulment Authority to Three Provincial Courts

This decision is founded on several logical grounds, each reinforcing the legitimacy, consistency, and specialization of oversight over commercial arbitration.

The decision to limit annulment authority to these three courts stems from several compelling considerations that enhance both the legitimacy and effectiveness of arbitration oversight.

- **First**, these provincial courts have accumulated substantial practical experience in handling arbitral annulment requests since the Commercial Arbitration Law 2010 ("**CAL 2010**") took effect, ensuring continuity and consistency in legal interpretation while minimizing transition risk.
- **Second**, the structural logic supports this allocation, as Regional People's Court operate primarily at the first-instance level and lack the specialized expertise required for complex arbitral matters. Reviewing arbitral awards constitutes a quasi-appellate function that appropriately belongs at the provincial level, which primarily handles appellate and supervisory responsibilities.
- **Third**, practical considerations favor this approach, as Hanoi, Da Nang, and Ho Chi Minh City serve as Vietnam's primary economic centers where most commercial activities and arbitral disputes originate. Concentrating oversight authority in these locations optimizes resource allocation while deepening judicial expertise through repeated exposure to sophisticated commercial disputes.

The centralization also aligns with international best practices, as leading arbitration-friendly jurisdictions (e.g. in Singapore, the Court of Appeal assumes this role through a specialized division; similarly, the UK uses the High Court Commercial Court and Germany stipulates jurisdiction at the Court of Appeal) vest annulment powers in specialized high courts rather than lower-level tribunals. This approach enhances Vietnam's credibility as a reliable venue for cross-border commercial transactions.

Impact on Vietnam's Investment Environment

The judicial reform fundamentally transforms Vietnam's dispute resolution landscape, creating substantial benefits for both domestic and international investors. The centralization of arbitration oversight in three specialized courts significantly reduces the risk of local bias and forum shopping while ensuring that high-profile disputes receive consistent, informed adjudication. This development brings Vietnam closer to international best practices in commercial justice and enhances the country's reputation as a reliable arbitration venue.

The reform arrives as part of Vietnam's broader initiative to "rearrange its legal and regulatory landscape", positioning the country as a new investment and supply chain hub. By guaranteeing legal continuity and standardized judicial practice across the country, Vietnam sends a strong signal to the global business community about its commitment to rule of law and commercial fairness.

Business and foreign investors benefit from enhanced legal predictability, as they can now easily identify the jurisdiction relevant to their disputes, eliminating much uncertainty about venue selection. This clarity is particularly valuable for parties entering into Vietnamese law-governed contracts, especially in joint ventures and high-value mergers and acquisitions.

Opportunities for Investors and Businesses

The centralized arbitration oversight creates tangible advantages for commercial actors operating in Vietnam. Legal predictability and security improve dramatically, as investors now have clear answers about which court will review their arbitral awards, reducing venue risk and supporting better contract planning. The specialization resulting from frequent exposure to arbitration cases enables judges in these three courts to develop best practices, harmonize case law, and align with global arbitration trends.

The reform establishes a more level playing field by significantly reducing risks of local bias, arbitrary decisions, and inconsistent judicial interpretations. This creates greater confidence for businesses and foreign investors when entering into commercial relationships in Vietnam. The efficiency gains from resource optimization, as Vietnam concentrates rare expertise in three centers of excellence rather than dispersing it across numerous local courts, translates into faster and more cost-effective dispute resolution.

For large-scale investors, particularly those involved in foreign direct investment, public-private partnerships (PPP), and infrastructure projects, the reform addresses longstanding concerns about jurisdictional confusion and local protectionism. Cross-border arbitration becomes more attractive as foreign investors, international law firms, and arbitration centers can recommend Vietnam as a reliable forum for international contracts.

Broader Implications for Vietnam's Legal Infrastructure

The judicial reform represents more than administrative reorganization; it signals Vietnam's strategic commitment to building world-class legal infrastructure. The streamlined court system promotes consistency in adjudication, improves judicial specialization, and supports Vietnam's ongoing digitalization and administrative reform agenda. The establishment of Regional People's Courts with expanded jurisdiction, while maintaining specialized arbitration oversight at the provincial level, creates an efficient division of labor that maximizes the strengths of each court level.

This reform also enhances Vietnam's position in regional competition for investment and commercial disputes. As other Southeast Asian jurisdictions strengthen their dispute resolution frameworks,

Vietnam's centralized, specialized approach to arbitration oversight provides a competitive advantage in attracting sophisticated commercial activities.

Future considerations and Challenges

While the reform represents a significant step forward, certain challenges merit attention. The three centralized courts may face overwhelming caseloads as all arbitral annulment requests nationwide flow through these limited venues. Early implementation periods may experience growing pains as the system adjusts to its new structure.

The consistency and depth of judicial reasoning will only develop over time, requiring continued investment in judicial training and capacity building. Investors should monitor the evolution of case law and practices as the new system matures through landmark decisions.

Additionally, ancillary implementing regulations continue to emerge, requiring businesses to stay informed about procedural updates and court practice directions. Companies operating in Vietnam should engage experienced local counsel to navigate the transition period and adapt their legal strategies accordingly.

Conclusion

Resolution 81 is a pivotal reform in Vietnam's judiciary, creating a centralized, specialized, and predictable system for arbitration oversight by concentrating annulment authority in three Provincial People's Courts.

This approach balances expertise, efficiency, and global best practices. It strengthens Vietnam's appeal for investment and arbitration by reducing uncertainty, limiting local bias, and improving dispute resolution. As Vietnam deepens its economic integration, this reform lays crucial legal groundwork to support complex commercial activities.

For investors, it offers greater certainty but requires active adaptation to the evolving framework. Proper engagement with the new system can unlock significant business opportunities and advance Vietnam's role as a key arbitration hub in Southeast Asia.

C. VIETNAM'S NATIONAL RESOLUTION UNVEILS A NEW ERA OF INTEGRATION –GOLDEN OPPORTUNITIES AND POTENTIAL CHALLENGES FOR BUSINESSES, ESPECIALLY FOREIGN INVESTORS.

On May 31st 2025, the Government of Vietnam issued a strategic and profoundly future-shaping document: Resolution No. 153/NQ-CP. This Resolution concretizes the Action Program for implementing the Politburo's Resolution No. 59-NQ/TW on International Integration in the New Context. With an ambitious vision, Resolution 153/NQ-CP aims to enhance the quality, effectiveness, synchronization, comprehensiveness, and depth of Vietnam's international integration process, laying a solid foundation for the country to become a developed, high-income nation with a socialist orientation by the mid-21st century. This Resolution is not merely a policy statement; it is a detailed roadmap and a clear testament to the strong commitment of the Vietnamese Government to proactively create an attractive business and investment environment, foster sustainable economic growth, improve the people's living standards, and especially elevate Vietnam's position in global value chains and the international investment ecosystem.

Shaping Future Integration and FDI Attraction- Key Highlights

Resolution 153/NQ-CP outlines a comprehensive integration strategy, featuring crucial points that directly impact economic and social activities, particularly opening wider doors for foreign investment:

- *Game-Changing Improvements in Institutions and Business Environment*

The Resolution places strong emphasis on aggressively pursuing institutional and administrative reforms. For foreign investors, this translates into a legal system that is increasingly transparent and predictable, significantly cutting down complexity and legal risks. The government is committed to reviewing, supplementing, and perfecting the legal framework, ensuring its consistency and alignment with international commitments. The ultimate goal is to forge an even more fair, competitive, and investor-friendly business environment, where the legitimate rights and interests of investors are maximally protected. Existing Free Trade Agreements (FTAs) will see enhanced implementation, while Vietnam will proactively negotiate and engage in next-generation FTAs, broadening market access and opportunities for goods and services from foreign-invested enterprises.

- *Driving the Digital, Green, and Circular Economies*

Vietnam is acutely aware of global trends and is firmly centering its efforts on developing new economic models. The Resolution vigorously promotes the growth of e-commerce, accelerates the nation's digital transformation process, and champions the establishment of a green, circular economy. This opens up an entirely new investment frontier for foreign investors with expertise and technology in these sectors, ranging from renewable energy solutions and waste management to software solutions for businesses and government, all contributing to sustainable development and emissions reduction targets.

- *Attracting and Prioritizing High-Quality Investment*

This is one of the Resolution's most pivotal points, signaling a strategic shift in Vietnam's FDI attraction approach from quantity to quality. The government will prioritize projects with large

investment capital, high technology content, advanced technology, modern management, and positive spillover effects on the economy. This is particularly appealing to multinational corporations and large investment funds seeking high-growth emerging markets and a commitment to innovation. These projects are expected to generate new growth momentum, foster linkages between FDI enterprises and domestic businesses, and enhance production capacity and innovation. Eco-smart industrial parks, innovation hubs, and modern logistics centers will serve as strategic destinations for this capital, promising internationally standardized infrastructure.

- *Enhancing Science, Technology, and Innovation Capabilities*

Science, technology, and innovation are identified as the key drivers for boosting national competitiveness. The Resolution strongly promotes international cooperation in research, technology transfer, and the development of an innovation ecosystem. Priority areas include semiconductors, artificial intelligence (AI), quantum technology, clean energy, and biotechnology. For foreign investors, this presents an opportunity to establish R&D centers, high-tech manufacturing plants, or invest in promising Vietnamese startups, leveraging preferential policies and a developing skilled technical workforce.

- *Developing High-Quality Human Resources and Attracting Talent*

The Resolution underscores the vital role of human resources in the integration process. The government will focus on training, developing, and attracting talent, particularly experts, scientists, and Vietnamese intellectuals residing abroad, as well as international talent. This is significantly beneficial for foreign investors, as it helps them access a highly skilled labor pool, meeting the demands of industries requiring specialized and technical expertise. Priority industries, key sectors, and emerging fields will receive special attention in human resource development efforts.

Golden Opportunities for Businesses

Resolution 153/NQ-CP is more than just a policy directive; it serves as a "guiding compass" creating immensely attractive business opportunities for both domestic investors and, notably, foreign investors.

- *For Domestic Investors*

Foremost, the government's relentless efforts in institutional and administrative reforms are set to directly benefit domestic enterprises, significantly cutting compliance costs, saving time, and optimizing resources. Crucially, attracting high-quality Foreign Direct Investment (FDI) will empower Vietnamese businesses to collaborate, learn, and absorb technology transfers, elevating their production capabilities and management practices to international standards.

Moreover, Vietnam's deep engagement in Free Trade Agreements (FTAs) and global supply chains is opening new export avenues for goods and services. As a consequence, this will enable domestic enterprises to access broader markets and elevate their position within global value chains.

Furthermore, the focused attention on the digital economy, green economy, and high-tech sectors will carve out entirely new market segments, encouraging domestic enterprises to invest and innovate. Besides, the government is committed to supporting small and medium-sized enterprises (SMEs) and startups through comprehensive consulting, training, and networking programs.

- *For Foreign Investors*

Initially, Vietnam is strategically repositioning itself as a discerning FDI destination, with an unwavering focus on quality over mere volume. This signifies that investors targeting priority sectors such as semiconductor manufacturing, artificial intelligence, quantum technology, clean energy, digital cultural industries, and smart infrastructure solutions will receive extraordinary attention and comprehensive preferential policies from the Government. These bespoke policies may encompass advantageous tax breaks, land support, and other specialized mechanisms designed to guarantee both profitability and long-term stability for substantial projects.

Additionally, the commitment to reforming institutions and the investment environment to establish transparency, stability, and equality will significantly enhance the safety and attractiveness of the Vietnamese market for international investors. This, in turn, helps minimize legal risks and facilitates long-term business planning.

Foreign investors can leverage Vietnam's advantageous geographical position as a manufacturing hub and a logistics nexus for regional and global distribution. Its extensive coastline, growing port infrastructure, and participation in numerous trade agreements facilitate efficient supply chain management and market access. Furthermore, the country's commitment to nurturing a skilled workforce ensures a sustainable talent pipeline, particularly in critical areas like engineering, IT, and advanced manufacturing, which are vital for attracting and retaining complex FDI projects. This blend of strategic location, competitive costs, and a progressively skilled workforce makes Vietnam an increasingly attractive proposition for international businesses looking to expand their footprint in Asia.

Legal Hurdles for Foreign Investors

Despite the clear positive outlook, foreign investors should exercise caution and be mindful of certain legal hurdles that may arise during the implementation of the Resolution:

Firstly, although the government is vigorously pushing for reforms, the investment licensing process, especially for large, complex projects or those in conditional business sectors, may still involve administrative procedures that are not yet fully streamlined, or demand intricate and extensive documentation, requiring considerable preparation and processing time.

Furthermore, with the emphasis on developing new industries like semiconductors, AI, and renewable energy, the specialized regulations for these fields may still be under development or incomplete. Investors must be prepared to adapt to a legal framework that could continuously evolve and be supplemented to meet development requirements.

Finally, while Vietnam maintains a relatively open policy on foreign exchange and profit repatriation, investors still need a clear understanding of specific regulations, particularly given global economic fluctuations that could lead to adjustments in foreign exchange management policies. Additionally, despite ongoing improvements to the legal system, resolving contract disputes, especially those involving foreign elements, can still entail challenges related to time, cost, and the complexity of legal procedures.

To maximize opportunities and mitigate risks, foreign investors are strongly advised to conduct extensive research and in-depth analysis of Resolution 153/NQ-CP and related legal documents to understand priority sectors and policies. Essentially, they should seek professional advice from experienced law firms and consultants from the outset for navigating legal hurdles, licensing, and compliance. Diligent monitoring of guiding documents and policy updates is essential to stay

informed about regulatory changes. Finally, meticulous and comprehensive project appraisal, including legal, market, human resource, infrastructure, and risk factors, is indispensable.

Conclusion

Resolution 153/NQ-CP marks a pivotal milestone, reaffirming Vietnam's vision and unwavering determination to proactively pursue deep international integration. It ushers in a new era brimming with attractive opportunities for both domestic investors and, vitally, foreign investors who are seeking a dynamic market with significant growth potential. Vietnam is undergoing a powerful transformation towards high-value, sustainable, and smart economic sectors.

However, this journey also comes with inherent, demanding meticulous preparation, intelligent strategies, and agile adaptability. With proactivity, support from professional partners, and effective collaboration with the Government, challenges and certain hurdles, Vietnam promises to emerge as a leading strategic and appealing investment destination in the future, delivering mutual benefits for investors and fostering the nation's prosperity.

D. VIETNAM'S RESOLUTION NO. 189/2025/QH15: INSTITUTIONAL BREAKTHROUGH FOR NUCLEAR ENERGY AND CLEAN TRANSITION

On February 19, 2025, Vietnam's National Assembly officially adopted Resolution No. 189/2025/QH15, establishing a special legal and policy framework to revive the long-delayed Ninh Thuan Nuclear Power Project. The resolution marks a strategic shift in Vietnam's energy policy as the country moves to ensure long-term energy security, reduce greenhouse gas emissions, and meet its commitment to carbon neutrality by 2050.

Beyond a conventional investment mandate, Resolution 189 represents a significant institutional innovation. It lays the groundwork for a flexible, project-specific legal framework tailored to one of Vietnam's most technically complex and politically sensitive infrastructure initiatives—encompassing nuclear technology, international cooperation, and multi-channel financing. Through this, Vietnam demonstrates its growing institutional adaptability in support of a modern and sustainable energy future.

Key Highlights of Resolution No. 189/2025/QH15

- *Direct Contracting and Turnkey EPC+O&M Model*

The resolution authorizes streamlined direct contractor appointment (non-competitive bidding) for high-value contracts, particularly turnkey EPC+O&M packages covering design, construction, equipment supply, and five years of operation and maintenance. This approach aims to accelerate implementation and ensure technical alignment, especially when international technology transfer is involved.

- *Parallel Negotiation of International Agreements*

For the first time, a Vietnamese legal instrument explicitly permits concurrent negotiation and signing of international treaties—including technical cooperation and concessional financing—alongside project approval. This flexibility facilitates alignment between diplomatic commitments and project execution.

- *Open and Innovative Financing Mechanisms*

Investors are allowed to access ODA loans, bilateral credits, commercial loans, corporate bonds, and project bonds, and even increase their charter capital through asset revaluation of public infrastructure (e.g., BOT or hydropower plants). Notably, debts incurred under this project will not count toward the State-owned enterprise public debt cap—an unprecedented exemption in the energy sector.

- *Preferential Regime for Ninh Thuan Province*

As the designated host of the nuclear power project, Ninh Thuan Province is granted a comprehensive preferential regime aimed at enhancing its fiscal capacity and administrative readiness. Under Resolution 189, the province is entitled to retain up to 70% of the additional state budget revenues generated by the project, exceeding standard fiscal allocation practices. It may also access official development assistance (ODA) relending beyond the conventional 60% threshold of total provincial revenue, offering greater financial flexibility. In terms of land acquisition, the resolution allows for the application of maximum compensation and resettlement coefficients—up to 1.5 times

the baseline—even for affected households lacking formal land use titles. Additionally, the province is exempt from auction procedures for the exploitation of construction-related mineral resources and is permitted to increase extraction volumes by as much as 50% over current license limits, thereby facilitating timely and cost-effective site development.

Broader Impact: A New Chapter for Energy Policy and Legal Reform in Vietnam

- *Securing Energy Stability and Enabling Green Transition*

In light of Vietnam's gradual move away from coal-fired power and growing reliance on imported LNG, the introduction of nuclear energy is vital to establish a stable baseload source. With near-zero carbon emissions and expected generation in the tens of billions of kWh annually, the Ninh Thuan project is central to achieving Vietnam's 2050 Net Zero target.

- *Legal Precedent for Mega-Projects and Institutional Flexibility*

Resolution 189 introduces a regulatory sandbox model for infrastructure, allowing foreign technical standards, international insurance providers (even without a Vietnam branch), and discretionary project size adjustment by the Standing Committee of the National Assembly. These bold legal shifts open the door for replication in other complex fields such as artificial intelligence, biotechnology, and strategic seaport or airport development.

- *Technology Spillovers and Workforce Development*

The resolution mandates technology transfer and domestic capacity building by primary contractors, creating ripple effects across Vietnam's industrial base—including precision engineering, heat-resistant materials, electrical systems, automation, and industrial software. This effort is expected to produce a new generation of high-skilled nuclear professionals.

Opportunities for Investors: An Emerging High-Tech Energy Market

- *Access to High-Value, Long-Term EPC Contracts*

With simplified procurement rules, international nuclear contractors are well-positioned to secure multi-billion-dollar EPC+O&M packages, laying the foundation for long-term presence in Vietnam through maintenance, training, and technology transfer hubs.

- *Favorable Financing and State-Backed Guarantees*

Multiple financing channels—including concessional loans, green project bonds, and asset-backed capital increases—are supported. Investors may also seek revenue guarantees, regulatory risk-sharing, or policy support in the event of force majeure or legislative changes, mitigating financial exposure in early-stage deployment.

- *Special Incentives for Land, Permits, and Insurance*

Investors can receive clean land and construction minerals without auction and operate without size limitations. Environmental licensing procedures are simplified and focus on technology compliance, replacing overlapping permit layers. Insurance coverage from foreign firms without local incorporation is also allowed.

- *Local Supply Chain Integration*

Vietnamese companies may enter the project's supply chain through provision of non-nuclear components, structural steel, thermal insulation materials, monitoring and control systems, logistics, and operations services. These partnerships lay the groundwork for a localized value chain in one of the world's most regulated industrial sectors.

Conclusion

Resolution No. 189/2025/QH15 is not merely a restart of a previously postponed nuclear initiative. It is a national-level policy experiment in legal modernization—where both Parliament and the Government co-create a specialized legal environment that removes outdated barriers and positions Vietnam as a credible civil nuclear energy player.

With its long-term vision, legal flexibility, and clear commitment to technology transfer, the resolution offers not only a strategic channel for capital inflows, but also a stepping stone for domestic industries to ascend the global value chain. For forward-thinking investors—both domestic and international—this is a rare first-mover opportunity in a market undergoing fundamental transformation.

E. RESOLUTION ON SPECIAL MECHANISMS AND POLICIES FOR THE PRIVATE SECTOR DEVELOPMENT

On May 17, 2025, the National Assembly of Vietnam officially adopted Resolution No. 198/2025/QH15 on introducing special mechanisms and policies for the private sector development. Resolution 198 identifies key priorities such as business environment improvement; support for access to land and premises for production and business, lease of buildings and land in the form of public property; financial support, credit support, and public procurement support; support for science, technology, innovation, digital transformation, and human resources training; support for the formation of medium and large enterprises, pioneering enterprise. This is a groundbreaking resolution, which will take effect on May 17, 2025, laying a strategic foundation for transforming the Vietnam private sector into a dynamic driver of innovation, productivity, and sustainable growth.

KEY HIGHLIGHT:

- **Institutional Reforms to Facilitate Business Development**

The Resolution introduces institutional reforms aimed at creating a more favorable environment for business operations. Each enterprise shall be subject to no more than one inspection or audit per year, except in cases where there are clear indications of legal violations. Enterprises with a strong record of compliance with legal regulations may be exempted from on-site inspections, thereby reducing administrative burdens and promoting trust in responsible business practices.

- **Ensuring the Protection of Business Rights in Case of Violations**

The Resolution emphasizes the protection of lawful business operations and rights in the event of legal violations. It promotes the application of civil, economic, and administrative measures as a priority before resorting to criminal proceedings. Enterprises are encouraged to proactively remedy economic consequences, with such efforts considered as mitigating factors during the determination of liability. The principle of the presumption of innocence is strictly upheld throughout the investigation, prosecution, and trial processes. In cases where facts remain unclear, authorities must promptly issue public conclusions. Retroactive application of laws in a manner detrimental to businesses is strictly prohibited. Clear distinctions must be made between lawful and unlawful assets, as well as between personal and corporate property, to ensure fairness and transparency in case resolution.

- **Facilitating Business Access to Land Resources**

The Resolution provides measures to improve business access to land resources. Local authorities are authorized to allocate budget funds to support the development of infrastructure in industrial parks and clusters. Priority is given to innovative enterprises through policies requiring that at least 20 hectares or 5% of the total area in each newly established industrial park be reserved for high-tech enterprises and innovative small and medium-sized startups. Eligible businesses are also entitled to a minimum 30% reduction in land rental fees during the first five years of operation.

- **Introducing Breakthrough Financial Support Policies**

The Resolution introduces a range of breakthrough financial support policies for enterprises. A 2% annual interest rate reduction is provided for businesses implementing green projects, circular economy models, or adopting ESG standards. Startups are supported through direct lending mechanisms from the small and medium enterprise development fund, including seed funding for

innovative startup projects. The fund is also allowed to expand its investment scope into private equity and local investment funds to diversify capital sources for businesses. In addition, international capital mobilization is strengthened through the reception and management of foreign loans, sponsorships, and aid to further support enterprise development.

- **Unprecedented Tax Incentive Policies**

The Resolution introduces unprecedented tax incentive policies to foster business development. For innovative startups, corporate income tax is fully exempted for the first two years and reduced by 50% for the subsequent four years. Personal income tax and corporate income tax are also exempted for capital and share transfers. Additionally, experts and scientists working at these enterprises are entitled to personal income tax exemptions for two years and a 50% reduction for the following four years. For small and medium-sized enterprises, a full exemption of corporate income tax is granted for three years from the date of initial business registration. Training costs covered by large enterprises for small and medium-sized enterprises are deductible for tax purposes.

Furthermore, the lump-sum tax regime for household businesses will be completely abolished, and the business license tax will officially be eliminated starting January 1, 2026.

- **Accelerating Innovation and Digital Transformation**

Resolution 198 introduces breakthrough opportunities for businesses in the fields of R&D and digital transformation. Enterprises are allowed to allocate up to 20% of their taxable income to establish dedicated funds for science, technology, and innovation development. Furthermore, expenditures on R&D activities are eligible for a tax deduction at 200% of the actual incurred costs when calculating corporate income tax. To support small, micro-sized enterprises and household businesses, the government will provide free access to shared digital platforms and standardized accounting software.

IMPACTS:

- **Positive impacts:** Resolution 198 marks a significant step forward in administrative reform and reducing the regulatory burden on businesses. By limiting inspections and audits to no more than once per year except in special cases, and exempting well-compliant enterprises from on-site inspections, the policy minimizes operational disruptions and enhances investor confidence. These reforms create a more stable and transparent environment for project implementation, helping alleviate longstanding concerns over frequent regulatory scrutiny.

The introduction of financial support policies, such as a 2% interest rate reduction for loans to green and circular economy projects along with the expanded investment mandate of the small and medium enterprise development fund improves access to capital for both domestic enterprises and foreign investors. Additionally, unprecedented tax incentives, including corporate income tax exemptions for the first two years, a 50% reduction for the following four years, and exemptions on capital and share transfer taxes help lower operating costs, enhance financial efficiency, and increase expected investor returns.

By allowing enterprises to allocate up to 20% of taxable income to a science and technology development fund and providing a 200% tax deduction for actual R&D expenditures, the government is laying the foundation for a vibrant innovation ecosystem. This is a critical factor in enhancing national competitiveness and attracting investment into high-tech and digital transformation sectors.

- **Negative impacts:** One potential risk in implementing Resolution 198 is the possibility of policy abuse in the absence of strong post-implementation oversight. With broad incentives and relatively flexible access conditions, there is a risk of tax evasion, money laundering, or the emergence of “ghost companies” established solely to exploit these benefits, an issue seen during previous reform waves. To ensure transparency and effective enforcement, it is crucial to develop an integrated data system linking tax, customs, and banking authorities, and to leverage digital technologies in inspections and audits to promptly detect and address violations.

GOLDEN OPPORTUNITIES FOR BUSINESSES:

- **For Domestic Investors**

Empowering innovation and financial resilience: Resolution 198 provides robust incentives for local businesses, particularly startups and tech-driven small and medium enterprises. With full corporate income tax (CIT) exemptions for two years, 50% reduction for four subsequent years, and Personal Income Tax (PIT) exemptions on capital gains and share transfers, domestic firms gain greater financial flexibility to invest in innovation and talent. Startups in green tech or digital sectors can scale with reduced financial risk.

Access to capital and land resources: Small and medium enterprises benefit from expanded access to state-backed funding through direct lending and co-investment from the national small and medium enterprise development fund. Enterprises can also allocate up to 20% of taxable income to R&D and deduct up to 200% of R&D expenses. Meanwhile, preferential land access such as designated innovation zones and a 30% rental discount further supports business expansion.

Reduced regulatory friction: Administrative inspections are limited to once per year, and compliant businesses are exempt from physical audits, lowering operational disruptions. This streamlined approach enhances transparency and stability, fostering a more growth-oriented investment climate for the domestic private sector.

- **For International Investors**

Favorable entry conditions and talent mobility: Foreign investors enjoy streamlined access to land, infrastructure, and labor. Work permits are no longer required for foreign experts, and there are no quotas on foreign employees. These reforms make it easier for multinational firms to localize high-skill teams and scale quickly.

New market avenues aligned with global trends: The creation of asset exchanges for carbon credits, green finance products, and cultural assets offers international investors a foothold in high-growth, sustainable markets. For instance, a European company could offset emissions by purchasing Vietnam-based carbon credits.

Legal predictability and lower risk: Key legal safeguards like non-retroactive tax treatment and a presumption of innocence enhance investor confidence. Coupled with fewer inspections and fair competition rules, these measures help reduce compliance risk and uncertainty, making Vietnam more competitive in the regional investment landscape.

CONCLUSION:

Resolution 198 marks a significant milestone in Vietnam’s ongoing institutional economic reform. If implemented effectively, it will create a more attractive investment environment, enabling Vietnam

to compete more strongly in the region in terms of capital attraction, innovation, and sustainable development.

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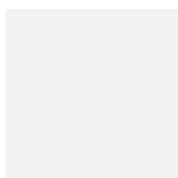
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