

LEGAL BRIEFING

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Key Issues in the Draft Amendment to the Land Law 2024

Duong Ba Anh Duyen – *Partner*

Duong Thi Minh Han – *Associate*

Executive Summary

- The Amendment Draft introduces reforms in land-use planning, decentralization of authority, and payment flexibility to improve efficiency and investor convenience.
- Key contradictions and unclear definitions—particularly on capital contribution, foreign-invested business organizations, and socio-economic development projects—remain unresolved.
- Article 257's additional payment obligation creates unfair burdens and legal uncertainty for land users.

Introduction

The Land Law No. 31/2024/QH15, enacted on 18 January 2024, has already undergone several amendments ("Land Law 2024"). It is now subject to broader revisions following the substantial administrative restructuring effective from 1 July 2025, which introduced a two-tier system (municipal and commune/ward) and eliminated the district level. At the same time, Vietnam's legal framework has evolved through fragmented and uncoordinated changes, resulting in inconsistencies in the application of the Land Law 2024. Against this backdrop, on 12 August 2025, the Ministry of Agriculture and Environment introduced the Draft Amendment to the Land Law 2024 ("Amendment Draft"), which is expected to be reviewed by the National Assembly in October 2025. This brief analyzes selected provisions of the Amendment Draft and highlights areas requiring further revision.

1. Revision of Terminologies

(a) Capital contribution by land-use rights (Article 3.22)

This article defines capital contribution of land-use right (LUR) as an agreement to contribute LUR to form the charter capital for a new business organization or to increase the charter capital of an existing business organization. Under this definition, foreign-invested business organizations are

excluded from receiving LUR contributions. This contradicts Articles 28.1(dd) and 42.1 of the Land Law 2024, both of which allow foreign-invested business organizations to receive such contributions.

The Amendment Draft leaves this contradiction unresolved, restricting legitimate rights of foreign-invested enterprises.

(b) Foreign-invested business organization (Article 3.46)

Article 3.46 defines a foreign-invested business organization as a qualified one that has completed investment procedures under the Investment Law for implementing a land-use project. However, Article 3.22 of the Investment Law 2020 defines it more broadly as any business organization having foreign shareholders. Furthermore, the added phrase “for implementing a land-use project” is redundant and creates inconsistency compared to Article 3.10 of the Land Law 2024. The Amendment Draft does not revise this provision, leaving a conflict between laws. Alignment is necessary.

2. Land-Use Planning and Plans (Articles 61–67)

Article 61.3(c) requires district-level land-use planning, which is no longer feasible because the district level has been abolished. The Amendment Draft proposes two options:

- (a) Option 1: Commune-level land-use planning and five-year plans.
- (b) Option 2: Commune-level land-use plans only.

Option 2 is more practical, streamlining planning and accelerating investment. If it is adopted, references to commune-level land-use planning elsewhere in the Law would be removed, leaving only national and provincial levels in the master planning system. Additionally, Article 62.4 shifts from annual district-level plans to five-year commune-level plans, reducing administrative burden.

3. Land Expropriation for Socio-Economic Development (Article 79)

The Amendment Draft adds three new grounds for land recovery:

- (a) Urgent public investment projects serving political or diplomatic missions; projects within free trade zones or international financial centers; logistics projects; mixed-use residential, urban, tourism, commercial service, cultural, and sports projects, and other purposes; cultural industry projects; and other socio-economic development projects as decided by the provincial People's Council in accordance with local conditions (proposed Article 79.33).
- (b) Socio-economic development projects where land-use right transfer agreements after the approved deadline cover over 75% of land area and users (proposed Article 79.34). The Draft should clarify who holds recovery authority and how the 75% threshold is measured.
- (c) Creation of land banks to provide premises for businesses forced to relocate due to pollution or recovery under Article 124.3(dd).

4. One-Off Payment for Land Rent (Article 120)

Currently, land lessees may make one-off payments only in limited cases as specified in Article 120. The Amendment Draft expands flexibility by allowing land lessees to choose between annual or one-off payments except where land originates from state-managed land banks (Article 217.1).

Though this flexibility supports investment and financing, it remains unclear if annual payers may later switch to one-off payments. This should be clarified in the Amendment Draft to avoid disputes.

5. Authority for Land Allocation and Leasing (Article 123)

The Amendment Draft decentralizes authority as follows:

- (a) Provincial Chairperson decides on land allocation, land leasing, or change of land-use purpose for domestic, foreign-invested, and diplomatic organizations except where land fees or one-off rent are fully exempt.
- (b) Commune Chairperson decides in all other cases, including annual-rent leases to organizations and foreign-invested entities.

6. Authority to Issue LURCs (Article 136)

The Amendment Draft separates the authority to issue land-use right certificates (LURCs) from allocation authority:

- (a) Commune Chairperson issues LURCs for organizations fully exempt from land-use fees or rent.
- (b) Provincial land administration authority issues LURCs in cases where fees or rent are not fully exempt.

Separating authority to allocate land from that to grant LURCs may reduce administrative overlap but could generate inconsistencies if not carefully coordinated.

7. Socio-Economic Development Projects (Article 127)

Investors may acquire LURs through agreements without auction for socio-economic development projects. However, what a “socio-economic development project” is remains undefined in the Land Law 2024, its guidelines, and the Amendment Draft. The lack of such definition may leave discretion to authorities who may rely on Article 79.33 (i.e. socio-economic development projects determined by the provincial People’s Council in accordance with local conditions) to classify projects under Article 127 inconsistently, which undermines investor autonomy. A clear statutory definition is essential.

8. Execution of Land Lease Agreements (Articles 227–229)

The Amendment Draft removes the requirement for formal lease agreements. Instead, authorities will transfer documents directly to registration offices for database updates before site handover and LURC issuance. This reform simplifies procedures, reduces costs, and benefits land users.

9. Additional Payments by Land Users (Article 257)

Current Article 257 requires additional payments from land users holding land allocation or lease decisions issued before 1 August 2024 but where land prices had not yet been determined. This is an unclear and unreasonable requirement because a delay of land price determination is typically due to administrative inefficiency, not the fault of land users. In practice, some investors have held allocation decisions since 2016 but remain unable to pay or obtain LURCs because land prices are still undetermined. These users cannot utilize land yet but are asked to pay extra, which is

unreasonable. It is also unclear whether such payments qualify as budget revenues under Article 153 of the Land Law 2024.

Article 257 imposes unfair burdens and risks generating disputes but the Amendment Draft leaves it unchanged.

Conclusion

The Amendment Draft offers, among others, practical reforms in planning, decentralization, and payment flexibility. Yet unresolved contradictions, unclear definitions, and the burdensome Article 257 still create legal uncertainty, requiring targeted revisions before the National Assembly's review in October 2025.

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CONTACT US

For more information about any of these legal briefs, please contact our Partners:



Mr. Hong Bui

Corporate/M&A, Foreign Investment, Compliance & ABAC, Employment, Litigation & ADR

Hong.Bui@LNTpartners.com



Mr. Binh Tran

Corporate Governance, Employment, Foreign Investment, Litigation & ADR, Real Estate, Corporate/M&A, Tax

Binh.Tran@LNTpartners.com



Ms. Quyen Hoang

Corporate/M&A, Compliance & ABAC, Employment, Insolvency & Restructuring

Quyen.Hoang@LNTpartners.com



Dr. Net Le

Banking & Finance, Real Estate, Litigation & ADR, Corporate/M&A, Tax

Net.Le@LNTpartners.com



Dr. Tuan Nguyen

Antitrust/Competition, Corporate/M&A, Employment, Compliance & ABAC, Foreign Investment

Tuan.Nguyen@LNTpartners.com



Mr. Thuy Nguyen

Corporate/M&A, Foreign Investment, Employment, Tax

Thuy.Nguyen@LNTpartners.com



Ms. Minh Vu

Tax, Foreign Investment, Banking & Finance, Corporate Governance, Corporate/M&A, Projects

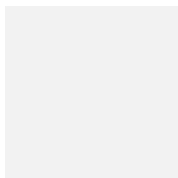
Minh.Vu@LNTpartners.com



Mr. Phu Nguyen

Litigation & ADR

Phu.Nguyen@LNTpartners.com



Dr. Van Tuan Nguyen

Banking & Finance, Compliance & ABAC, Foreign Investment, Litigation & ADR, Intellectual Property

VanTuan.Nguyen@LNTpartners.com



Ms. Duyen Duong

Real Estate, Corporate Governance, Insolvency & Restructuring, Corporate/M&A

AnhDuyen.Duong@LNTpartners.com



Ms. Nhi Luong

Litigation & ADR, Employment

VanNhi.Luong@LNTpartners.com

About us

For further information, please contact us:

Ho Chi Minh City (HQ)

Level 21, Bitexco Financial Tower
2 Hai Trieu St., Sai Gon Ward
+84 28 3921 2357

Hanoi

Level 12, Pacific Place Building
83B Ly Thuong Kiet St., Cua Nam Ward
+84 24 3824 8522

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