



# FAC Newsbrief

Vietnam's new Investment Regulations: What Investors need to know

**September 2025**



# Vietnam's new Investment Regulations: What Investors need to know

On 3 September 2025, the Government issued Decree No. 239/2025/ND-CP, amending and supplementing Decree No. 31/2021/ND-CP which details and guides the implementation of the Law on Investment. This new decree clarifies and introduces new changes, with significant implications for project development, investment incentives, and the M&A process in Vietnam. Decree 239 takes effect as from 3 September 2025.

Effective date: **3 September 2025**

## Notable provisions

In this Newsbrief, FAC is pleased to share with our valued clients/prospects the key highlights of Decree No. 239/2025/ND-CP. The regulations related to investment incentive policies, M&A processes, and project development... are topics that investors need to pay special attention to.

**Key highlights** of this Newsbrief include:

- ✓ Flexible approach to project operational term;
- ✓ Market access opened in sensitive sectors;
- ✓ Investment incentive locations;
- ✓ Hybrid application process for investment registration;
- ✓ Focus on the digital economy and technology.



# Vietnam's new Investment Regulations: What Investors need to know (continued)

## Flexible approach to project operational term

### New regulations:

- A practical change is the “performance over age” rule. In particular, Decree 239 abolishes the previous rule that prevented projects from extending their operational term if they used machinery and equipment more than 10 years old. This is a major relief for manufacturing enterprises;
- Instead of an age-based restrictions, projects will now be assessed based on operational efficiency. The new criteria include:
  - ✓ The machinery must comply with National Technical Standards (QCVN) for safety, energy efficiency, and environmental protection.
  - ✓ Its output or efficiency must be at least 85% of its designed capacity.
  - ✓ The consumption of raw materials or energy must not exceed 15% of its designed consumption.

### Impact on business operations:

- ✓ These changes reduce administrative burdens and prevent unnecessary capital expenditure by removing the requirement to evaluate individual pieces of old machinery
- ✓ And allows businesses to continue using equipment that is still functional and efficient.



# Vietnam's new Investment Regulations: What Investors need to know (continued)

## Market access opened in sensitive sectors

### New regulations:

- Decree 239 moves sensitive industries from the negative market access list to the conditional market access list for foreign investors. These include:
  - ✓ Manufacturing and trading of weapons, explosives, and supporting tools;
  - ✓ Manufacturing of military materials and equipment;
  - ✓ Trading in military apparel and equipment.

### Impact on foreign investment:

- ✓ This is a significant development for investors in the defence and security industries. While specific and stringent conditions will apply, this change creates a legal pathway for foreign businesses with relevant expertise to participate in these highly specialised sectors in Vietnam for the first time.

## Investment incentive locations

### New regulations:

- Decree 239 introduces a new method for determining investment incentive areas at the commune-level.
  - ✓ For the former, the newly formed commune will adopt the incentive status of the majority of the former communes it comprises;
  - ✓ For the latter, the new commune will be granted the higher level of investment incentive.

### Impact on investment decisions:

- ✓ This change makes it easier for investors to forecast potential investment incentives for projects in areas undergoing administrative reorganisation and ensures that the potential for investment incentives is not lost.



# Vietnam's new Investment Regulations: What Investors need to know (continued)

## Hybrid application process for investment registration

### New regulations:

- ✓ Investment licensing authorities apply a dual online and paper-based submission for investment registration applications.
- ✓ Applicants are required to use a digital signature (token) to submit their application dossier through the National Investment Portal.
- ✓ Following the online submission, a corresponding physical (paper) dossier must also be filed with the relevant licensing authority.

### Impact on foreign investment:

- ✓ This new requirement can cause delays to corporate compliance process, or the implementation timeline in M&A transaction, especially for foreign investors. Acquiring a digital token, navigating the online portal, and coordinating the dual submission can be complex and lead to delays if not handled correctly.
- ✓ To that end, foreign investors must closely stay updated for the new licensing rules and anticipate potential delay to the estimated business/transaction timeline, or if engaging licensing agencies, should appropriately empower them with access to the relevant digital accounts for dual online and paper submission.

## Investment incentive locations

### New regulations:

- ✓ “Concentrated digital technology zones” are now officially included in the list of areas eligible for investment incentives, being treated as “areas with especially difficult socio-economic conditions” – the highest tier of investment incentives available in Vietnam;
- ✓ Several business activities relating to concentrated digital technology are treated as business eligible for investment incentives.

### Impact on investment decisions:

- ✓ This change shows a strong indicator of Vietnam’s strategic priority to attract high-value investment into Vietnam’s digital economy.
- ✓ By creating an investment legal framework for this, Vietnam is actively positioning itself as a regional hub tech-focused industries, in line with its national digital transformation goals.



# Vietnam's new Investment Regulations: What Investors need to know (continued)

## FAC's insights

### Decree No. 31/2021/ND-CP creates a more certain investment environment

The issuance of Decree 239 is not merely a policy adjustment, but also a clear testament to the Government's tireless efforts in directly removing practical challenges and resolving obstacles that the investor community has been facing recently.

These positive changes mark an important step forward in management thinking, affirming the Government's commitment to creating a solid legal corridor where stability and predictability are upheld, thereby building a firm foundation for investors to operate with peace of mind in a more transparent and favorable business environment.

## Recommendations for Investors

In the context that Decree No. 239/2025/ND-CP brings important changes to project management and investment incentives, enterprises should consider:

- ✓ **Review and re-evaluate machinery and equipment efficiency to ensure project extension conditions:** The new regulation has shifted the focus from management based on "lifespan" to "actual efficiency". Enterprises need to proactively prepare technical records and perform periodic inspections to prove that production lines meet National Technical Regulations, reaching a minimum capacity of 85% and energy consumption not exceeding 15% compared to the design.
- ✓ **Prepare technical infrastructure and processes for digital administrative procedures:** The application of the combined submission process (mandatory online submission via digital signature parallel with paper submission) requires enterprises to be fully equipped with tools and skills to operate on the National Portal. Enterprises need to provision a reasonable dossier processing time fund to avoid risks of delaying business progress or M&A transactions.
- ✓ **Re-evaluate location strategy and correctly determine investment incentives:** For projects located in areas with changes in administrative boundaries, enterprises need to review to ensure they enjoy the highest level of incentives according to the new rules. In particular, technology enterprises should consider investment opportunities in "Concentrated Digital Technology Zones" – an area just added to the list of highest investment incentives.
- ✓ **Proactively exchange with professional consulting units to seize opportunities in new fields:** With the opening of conditional markets for the defense and security industry, foreign investors should consult experienced consulting units to clearly understand specific access conditions and prepare appropriate legal records, ensuring compliance with regulations and optimizing investment opportunities.



# Contact us

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