

2025 Vietnam Legal & Investment Environment Annual Report: Comprehensive Analysis and Strategic Guidance for Japanese Enterprises

Asia Newsletter

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1. Introduction: Vietnam's Legal Landscape in Transformation

2025 has become a year of structural reform for the legal system of the Socialist Republic of Vietnam, arguably occurring only once every few decades. Against the backdrop of global supply chain restructuring, international pressure for decarbonization, and the rapid advancement of the digital economy, the National Assembly and the Government of Vietnam are proceeding with legal development at an unprecedented speed.

This year was defined by two clear vectors: **"Transparency of the Investment Environment"** and **"Strictness of Management."** While barriers to market entry have been lowered through the amended Investment Law and Enterprise Law—along with the digitization of procedures—compliance costs are undeniably rising due to the introduction of the Global Minimum Tax (**"GMT"**), mandatory disclosure of Beneficial Owner (**"BO"**) information, and strengthened data protection regulations.

This report details the impact of these legal changes on the business operations of Japanese enterprises and presents strategic guidance looking ahead to 2026 and beyond.

2. Corporate Law & M&A: Enhanced Transparency and Restructuring

The biggest topics in the corporate legal field in 2025 are the improvement of transparency regarding corporate ownership structures and the streamlining of market entry processes. These are positioned as foundational developments to eliminate traditional opaque practices and attract sound investment.

2.1 Introduction of Beneficial Owner ("BO") Regulations and Compliance

The Law amending the Law on Enterprises, i.e., Law No. 76/2025/QH15, effective on July 1, 2025) (collectively, with the existing Law on Enterprises No. 59/2020/QH14, **"Amended Law on Enterprises"**) and Decree 168/2025/ND-CP (**"Decree 168"**) have brought a significant shift to corporate governance in Vietnam.

2.1.1 BO Definition and Reporting Obligations

The new regulations primarily aim to comply with the recommendations of the Financial Action Task Force (FATF) on anti-money laundering, making identification of the true owners behind enterprises mandatory.

Item	Regulation Content	Impact on Japanese Enterprises
Definition	Individuals holding 25% or more of charter capital/voting rights (directly or indirectly), or individuals who effectively control key personnel (e.g., appointment, dismissal, or removal of all members of the board of management, chairperson of members' council, or director/general director) or management decisions (e.g., amendment to the charter, restructuring, or dissolution) of an enterprise.	Japanese companies with complex holding structures and having equity interest in Vietnam-based enterprises must undertake work to identify whether there is any individual qualifying as a BO in the relevant Vietnam-based enterprises.
Reporting Obligation	<p>For newly incorporated enterprises after the effective date of the Amended Law on Enterprises (i.e., July 1, 2025), a list of BO (if any) in such enterprise must be included in the dossier for enterprise registration.</p> <p>For existing enterprises, after the effective date of the Amended Law on Enterprises, submission of a BO list is required in the case of an update to their enterprise registration information. In detail, this submission will be conducted <u>simultaneously</u> at the time the enterprise carries out the most recent procedures for registering changes to its enterprise registration contents or notification of changes to its enterprise registration contents, unless the enterprise requests to provide such information earlier.</p> <p>Notably, even if the definition of BO does not mention an organization, for joint stock companies, information regarding any shareholder that is an organization holding 25% or more of the total voting shares must be</p>	<p>Prior to incorporating a new enterprise in Vietnam, it is necessary for Japanese enterprises to review and identify whether there is any BO to be reported to the competent enterprise registration authority upon enterprise incorporation.</p> <p>Existing Vietnam-based enterprises that have not yet submitted a BO list must review and identify whether there is any individual qualified as a BO, and if yes, submit a BO list by their next registration to change its enterprise registration information. On the other hand, regardless of whether it has a BO, a joint stock company must report to the competent enterprise registration authority the relevant institutional shareholders holding more than 25% of its voting shares.</p>

	<p>declared and notified to the competent enterprise registration authority to serve the identification of BO.</p> <p>After the submission of a BO list or notification of information regarding any shareholder that is an organization holding 25% or more of the total voting shares in a joint stock company, such a list or information must be updated in case of any change thereto.</p>	
Information Disclosure	<p>State agencies have access to the BO database. While certain enterprise registration details may be publicly available, information regarding beneficial ownership is excluded, except for statutory cases.</p>	<p>Investments maintaining full anonymity will become difficult.</p>

2.1.2 Impact on Nominee Structures

With this amendment, the use of **"Nominee Structures"** becomes practically difficult. Schemes utilizing Vietnamese individual names to bypass foreign ownership limits face a dilemma: failing to declare the true owner constitutes a violation due to false declaration, while declaring the true owner reveals a violation of foreign investment regulations. Immediate re-examination of existing partnerships and holding structures is recommended.

2.2 Relaxation of Entry Barriers under the New Investment Law (Law on Investment 2025)

Passed by the National Assembly on December 11, 2025 and effective from March 01, 2026, the new Law on Investment (Law No.143/2025/QH15) ("**Law on Investment 2025**") accelerates the market entry process for foreign investors.

2.2.1 Abolition of the "Investment Registration Certificate ("IRC") First" Principle

The strict sequence of "obtaining the IRC followed by the Enterprise Registration Certificate " is relaxed. Under Article 19.2 of the new Law on Investment 2025, it is possible to establish an economic organization (legal entity) before obtaining IRC under specific conditions on market access for foreign investors as prescribed by law. By this relaxation, foreign investors can establish a legal entity without waiting for project permits (such as land acquisition or environmental assessment), allowing them to proceed with bank account opening, recruitment, office leasing, and IP protection in advance.

2.2.2 Reduction of Conditional Investment Sectors

The new Law on Investment 2025 removes 38 sectors from the "Conditional Investment Sectors" list. This reportedly includes, among others, tax and customs procedure services, a few types of temporary import and re-export activities, and labor outsourcing services. Further, prior sub-licenses are no longer required for some

conditional business lines, as a post-check system is being implemented. This change is expected to stimulate business and M&A activities.

2.3 M&A Market Trends and Due Diligence Perspectives in 2025

The M&A market in 2025 requires more sophisticated Due Diligence (DD) reflecting regulatory changes.

2.3.1 Sector Trends

- **Renewable Energy:** The introduction of Direct Power Purchase Agreements (DPPA) has increased revenue predictability for renewable projects, boosting acquisition appetite. However, issues with missing Construction Completion Certificates (CCA) in past FIT projects have not been settled yet, while making compliance with construction laws a top priority in DD.
- **Healthcare & Pharma:** The Amended Law on Pharmacy 2024 (Law No. 44/2024/QH15), which becomes effective from July, 1 2025 (except for certain provisions) has brought more relaxed regulations on drug distribution, manufacturing, and import for foreign-invested enterprises, spurring acquisitions of local pharmaceutical companies by foreign capital.

2.3.2 Competition Law and Economic Concentration

In recent years, the Vietnam Competition Commission (VCC) has strictly enforced Merger Filing reviews. "Extraterritorial application" cases where global M&A deals trigger filing requirements due to Vietnam-based revenue or market share are increasing. Careful management of closing timelines is essential.

3. Real Estate & Construction: Key Changes to Address Pressing Issues

In 2025, Vietnamese lawmakers attempted to resolve some of the most pressing legal issues in the fields of real estate and construction.

3.1 Resolution No. 254/2025/QH15 promulgating certain mechanisms and policies to resolve difficulties and obstacles in the implementation of Land Law 2024 ("Resolution 254")

3.1.1 Mortgage database

Mortgage information is now maintained in an electronic database, rather than in a paper-based format. However, it is unclear under Resolution 254 whether such a land database will be published and checked by any third party like the National Business Registration Portal.

3.1.2 Removal of the Market Principle from the Principle of Land Determination

The land price table will be prepared based on the land type, located area, and location, and the land price adjustment coefficient is the ratio of decrease or increase of land price applicable to types of land, which corresponds to the located area and location provided in the land price table. Although the guidance decree will provide detailed guidance on these new regulations, it is likely that the land price calculation will be quite similar to the method that was stipulated prior to the Land Law 2024.

3.2 New Construction Law 2025 (Law No. 135/2025/QH15) ("New LOC"): Comprehensive Improvements In Line With International Standards

3.2.1 Streamlined Procedures

The New LOC eliminates the requirement of the authority's appraisal of the technical or construction drawing design. Under the New LOC, the responsibility for appraising, reviewing, and approving the detailed construction design now rests entirely with the investor, following the project's approval which feasibility study report, or economic – technical report or basic design (as the case may be) will be basis for the project's construction.

3.2.2 Important Improvements to Regulations on Construction Contracts

The New LOC newly introduces the international practices for quasi-liquidated damages, force majeure, and dispute resolution through international practice. In detail, the New LOC expressly recognizes liquidated damages as a lawful compensation mechanism, provided the amount is proportionate to the breached obligation and the severity of the breach. Further, the New LOC provides a more structured framework for force majeure by listing qualifying events and grants liability relief if reasonable mitigation and prompt notice are provided.

4. Energy & Infrastructure: The Legal Pathway to Decarbonization

Entering the implementation phase of the Power Development Plan 8 (PDP8), the legal framework for balancing energy security and green transition is being rapidly established.

4.1 Liberalization of Direct Power Purchase Agreements (DPPA)

The enforcement of Decree 57/2025/ND-CP regarding DPPA is a critical turning point.

- **Overview:** Large consumers can now purchase electricity directly from renewable energy generators without going through Vietnam Electricity (EVN) (via Physical DPPA or Virtual DPPA).
- **Impact on Japanese Enterprises:** For manufacturers committed to "RE100" or carbon neutrality, securing renewable energy for Vietnam factories is vital. This opens the path to directly procuring environmental value through long-term contracts.

4.2 Offshore Wind, LNG, and Nuclear

- **Offshore Wind:** While partnerships are forming, the permitting process for marine surveys remains a challenge. The new Electricity Law 2024 (effective on February 01, 2025) grants the Prime Minister authority to approve investment policies and designate developers, potentially speeding up projects.
- **LNG:** Large-scale LNG power plans are progressing, but delay risks due to difficult PPA negotiations remain high.
- **Nuclear Power:** Due to power shortage concerns, discussions to restart projects in Ninh Thuan Province are becoming concrete.

5. Digital Economy & Data Governance: A Stricter Cyber Space

5.1 Enactment of the Personal Data Protection Law (PDPL)

On June 26, 2025, the **Personal Data Protection Law (Law No. 91/2025/QH15)** was passed, effective on January 1, 2026.

- **Employee Data:** Corporate responsibility for handling employee data—from recruitment to post-

retirement—is codified, including obligations to delete data after contract termination, unless otherwise permitted by law or agreed with relevant employee.

- **Strict Consent:** Default consent (opt-out) is not recognized; clear and voluntary consent (opt-in) is required.
- **Penalties:** Fines can reach up to 5% of revenue for the immediately preceding year, introducing GDPR-level sanctions or VND 3 billion, whichever is higher.

5.2 Critical Data and Cross-Border Transfer and Processing Regulations

New regulations, **Data Law (Law No. 60/2024/QH15)** and its guiding **Decree No. 165/2025/ND-CP**, both effective on July 01, 2025 strictly define "Core Data" and "Important Data."

- **Core Data:** Important data that directly affects national defense and security, foreign affairs, macroeconomic situations, social stabilization, and community health and safety, is included in the list promulgated by the Prime Minister of Vietnam. Cross-border transfer and processing require submission of a cross-border transfer and processing impact assessment ("**CTPIA**") dossier and prior approval from the Ministry of Public Security or Ministry of National Defense, unless falling with certain exceptions – which require post-transfer submission of the CTPIA dossier.
- **Important Data:** Data that may affect national defense and security, foreign affairs, macroeconomic situations, social stabilization, and community health and safety, included in the list promulgated by the Prime Minister of Vietnam. Cross-border transfer and processing require prior submission of the CTPIA, while prior approval from the competent authority is not required for the cross-border transfer and processing to take place. Similar to the core data, there are certain cases of cross-border transfer of important data being exempted from the prior-transfer submission of the CTPIA. Instead, post-transfer submission is required.
- **Recommended action:** Immediate compliance is required as there is no grace period. Companies storing/transferring Vietnam subsidiary data to Japanese servers or global clouds urgently classify data under its possession and conduct the CTPIA (if applicable).

5.3 New regulations on Artificial Intelligent ("AI")

The **Law on AI (Law No. 134/2025/QH15)** has been enacted and effective on March 01, 2026. Organizations and individuals operating in the field of AI are entitled to the highest levels of incentives and support set forth in applicable laws, and also receive facilitated access to infrastructure, data, and testing environments serving research, production, and commercialization of AI products and services. On the flip side, depending on the AI related role, businesses are subject to certain obligations and responsibilities for management and usage of AI system based on risk classification, such as AI labeling and incident handling requirements.

5.4 Upgrades to Cybersecurity Regulations

Cybersecurity Law No. 116/2025/QH15 ("**Cybersecurity Law 2025**") will replace Cybersecurity Law No. 23/2018/QH14 and Cyber Information Safety Law No. 86/2015/QH13 from July 01, 2026. The Cybersecurity Law 2025 broadly captures offshore agencies, organizations, and individuals directly engaging in or related to the activities of cybersecurity protection and trading of cybersecurity products and services in Vietnam. The Cybersecurity Law 2025 prescribes certain stringent requirements for ensuring cyber information security, including but not limited to verification of user information, data storage, and data localization requirements.

6. Tax Reform: Alignment with Global Standards

6.1 Full Implementation of Global Minimum Tax (GMT)

Detailed implementation regulations for GMT (Decree 236/2025/ND-CP) were issued on August 29, 2025.

- **Qualified Domestic Minimum Top-up Tax:** For a constituent entity of a multinational group whose ultimate parent entity has consolidated revenue of €750 million or more in at least two of the four fiscal years immediately preceding the tested fiscal year (excluding statutory exception cases), the top-up tax will be collected in case the effective tax rate (calculated based on a jurisdictional basis) is lower than the minimum tax rate (of 15%).
- **Impact:** This is a de facto tax increase for major manufacturers previously enjoying tax holidays or preferential rates. Vietnam's investment appeal is shifting from "low tax rates" to non-tax factors like "infrastructure, talent, and supply chains".

6.2 New CIT Law and Special Consumption Tax

- **New CIT Law (Law No. 67/2025/QH15):** Effective on October 01, 2025, CIT rate for income from capital transfer by foreign enterprises, which have no permanent establishment in Vietnam, or which have permanent establishment in Vietnam but the income is irrelevant to the operation of such permanent establishment, is 2% on taxable revenue, instead of 20% on taxable income. This is to strengthened "Deemed PE taxation" on revenue via e-commerce and digital platforms.
- **Special Consumption Tax (Law No. 66/2025/QH15):** Effective on January 01, 2026, sugary drinks under Vietnam National Standard (TCVN 12828:2019) having a sugar content of more than 5g/100 mL are newly subject to taxation at 8% rate from January 01, 2027 and 10% rate from January 01, 2028.
- **Law on Personal Income Tax (Law No. 109/2025/QH15):** The Law on Personal Income Tax 2025 introduces new progressive tax brackets for individuals including employees, which will take effect from January 01, 2026. This change indirectly affects enterprises, as it requires recalculating salaries, insurance, and other applicable amounts for their employees.

7. Labor Law: Convergence of Digital Transformation and Worker Protection

7.1 Electronic Labor Contracts

Decree 337 (Decree 337/2025/ND-CP) accelerates the digitization of labor management.

- **Legal Validity:** From January 1, 2026, electronic labor contracts have the same legal validity as paper contracts.
- **National Platform Registration:** Within 24 hours from signing by the last party to an electronic labor contract, the electronic labor contract must be sent to and stored on the "National Electronic Labor Contract Platform" under management the Ministry of Home Affairs which is anticipated to be officially launched no later than 1 July 2026.
- **Action:** Upgrade HR systems for application programming interfaces integration and ensure electronic signature compliance.

7.2 Significant Minimum Wage Hike

From January 1, 2026, regional minimum wages will increase by an average of **7.2%**. Cost simulations must account for both increased labor costs and linked social insurance burdens.

8. Intellectual Property: Key Points of the 2025 Amended Intellectual Property Law

Passed on December 10, 2025 and taking effect on April 01, 2026, the amended IP Law highlights:

- **Anti-Bad Faith Measures:** Clear legal grounds introduced to reject/invalidate the industrial property objects or trademark applications based on "bad faith" (i.e., a case acceptance notification issued by a competent court regarding a lawsuit filed by a third party in connection with the right to register such IP based on bad faith).
- **Shortened Opposition Period:** The opposition period for intellectual property applications is reduced (i.e., 03/06 months for patent, 01 months for industrial designs, 02 months for trademark) from publication. Monitoring frequency must be increased.

9. Dispute Resolution & Anti-Corruption

9.1 Amendment of Bankruptcy Law

The Rehabilitation and Bankruptcy Law adopted on December 11, 2025 changes the definition of "insolvency" and introduces independent "Rehabilitation Procedures" that can be conducted separately from bankruptcy procedures. This expands options for debt recovery through rehabilitation rather than liquidation for distressed local partners.

10. Conclusion and Strategic Recommendations for Japanese Enterprises

The legal reforms of 2025 urge a "qualitative transformation" of the Vietnamese market. A shift towards high-level compliance capabilities and high-value-added business is required.

5 Actions for Japanese Enterprises:

1. **Urgent BO Check:** Scrutinize the shareholder structure of local entities and ensure identification and reporting of Beneficial Owners under the Amended Enterprise Law.
2. **Establish Data Governance:** Conduct data mapping and establish impact assessments (where applicable) to comply with the personal data protection laws and data laws.
3. **Shift Energy Procurement Strategy:** Begin considering renewable energy procurement via DPPA for factory decarbonization.
4. **DX of Labor Management:** Digitalize HR systems and verify the legality of electronic labor contracts in anticipation of the National Electronic Labor Contract Platform.
5. **Re-simulate Tax Costs:** Calculate the increased tax burden due to GMT and actively gather information on non-tax incentives and recalculate salaries, insurance, and other applicable amounts for their employees.

While Vietnam remains a market with high growth potential, the compliance requirements to reap those benefits have become more sophisticated. Our firm provides specific advice tailored to these legal amendments; please feel free to consult us.

Key Reference Laws & Regulations:

- **Enterprise/BO:** Law No. 76/2025/QH15, Decree 168/2025/ND-CP
- **Investment:** Law No. 143/2025/QH15
- **Real Estate:** Law No. 135/2025/QH15 (Construction), Resolution No. 254/2025/QH15
- **Energy:** Decree No. 57/2025/ND-CP; Law No. 61/2024/QH15 (Electricity)
- **Health care & Pharmacy:** Law No. 44/2024/QH15
- **Data Protection & AI:** Law No. 91/2025/QH15 (PDPL), Law No. 60/2024/QH15 (Data Law), Decree 165/2025/ND-CP, Law No. 134/2025/QH15 (AI), Law No. 116/2025/QH15 (Cybersecurity).
- **Tax:** Decree 236/2025/ND-CP (GMT), Law No. 67/2025/QH15 (CIT), Law No. 66/2025/QH15 (SCT); Law No. 109/2025/QH15 (PIT).
- **Labor:** Decree 337/2025/ND-CP, Decree 293/2025/ND-CP
- **IP:** Law No. 131/2025/QH15
- **Bankruptcy:** Law No. 142/2025/QH15

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