



INVESTMENT  
GUIDE TO  
**REAL ESTATE**  
IN VIETNAM

---

2025

SHARE • LEARN • INFORM

# Table of Contents

- 1. Introduction ..... 3
- 2. Real Property Rights..... 5
  - 2.1. Type of Land Rights ..... 5
  - 2.2. Commercial / Industrial / Multi-Use Land ..... 6
  - 2.3. Residential / Condominiums ..... 7
  - 2.4. Agricultural Land ..... 10
  - 2.5. Leases..... 10
  - 2.6. Restrictions of Rights of FIEOs ..... 11
- 3. Acquisition of Ownership..... 12
  - 3.1. Perfecting Ownership..... 13
  - 3.2. Asset Acquisitions..... 13
  - 3.3. Share Acquisitions ..... 14
  - 3.4. Other Acquisition Rights..... 14
- 4. Zoning and Planning Permissions ..... 15
  - 4.1. Zoning Laws ..... 15
  - 4.2. Environmental Laws ..... 16
  - 4.3. Master Planning Laws ..... 16
  - 4.4. Firefighting and Fire Safety..... 17
- 5. Construction ..... 18
  - 5.1. Legal Framework..... 18
  - 5.2. Construction Licensing Requirements ..... 19
  - 5.3. Specific Regulatory Requirements..... 19
- 6. Taxes ..... 20
  - 6.1. Land Related Taxes..... 20
  - 6.2. Property / Land Use Taxes ..... 21
  - 6.3. Land Use Fees ("LUF") ..... 21
  - 6.4. Tax on Rental Income..... 22
- 7. Real Estate Investment Funds ..... 23
- 8. Real Estate Finance ..... 25
  - 8.1. Permitted Finance..... 25
  - 8.2. Mortgage..... 26
  - 8.3. Other Security Interests..... 26
  - 8.4. Foreign Lender Restrictions..... 26
  - 8.5. Recording Encumbrances Over Land Use Rights ..... 26





# CHAPTER 1

---

## 1. Introduction

Despite significant headwinds due to the Covid-19 pandemic, Vietnam outperformed neighboring countries in 2021 with a GDP growth of 2.58%. Vietnam is a resilient economy and enjoyed the GDP growth of 8.02% in 2022, the fastest growth expansion for Vietnam in 25 years, and 5.05% in 2023. While 2024 is expected to see more moderate growth for Vietnam with 6.3% and 6.5% GDP increases respectively there is increased attention from local and global investors including overseas real estate investors. Vietnam is expected to be a favorable destination for investment going forward.

Vietnam benefitted significantly from the United States' trade disputes with the People's Republic of China resulting in a significant number of manufacturers relocating to Vietnam to diversify manufacturing supply chains. This shift continued in 2021 and 2022 with international investors developing new facilities and industrial developers seeking out greenfield projects for increasingly sophisticated industrial estate development.

Following the pandemic, the logistics sector also presents very attractive opportunities. The increasing demand for warehousing is driving investment in Vietnam's logistics framework, with foreign-owned entities allowed to invest in warehousing projects, and with the new legislation allowing construction works (including warehouses) to set up rooftop solar power systems and directly sell power to private off-takers for self-consumption.

In the hospitality sector, there has been growth in domestic tourism and resort market. While recovery is expected to be gradual, the government is progressing development of travel infrastructure with the construction of a large international airport adjacent to Ho Chi Minh City and the proposal for a second airport in Hanoi.

In addition, the residential housing market continues to grow with the majority of investors/ buyers coming from the rapidly expanding domestic middle class and increasing interest from foreign investors in Vietnam's luxury sector.

With a booming economy, Vietnam has plenty to offer in terms of real estate investments as compared to more mature Asian markets, however like most opportunities there are also certain challenges that require navigation with legal and tax guidance. At DFDL you will find both, and our advisors will assist and guide you on the best investment path.

We hope you find the information you need in our Real Estate Investment Guide to help start you on this investment journey and we are here to advise you when you decide to move forward.







## CHAPTER 2

---

### 2. Real Property Rights

#### 2.1. Type of Land Rights

There is no private ownership of land in Vietnam; all land belongs collectively to the people of Vietnam represented by the State. The State either allocates or leases land to land users or recognizes land use rights in favor of land users, which grants land use right (“**LUR**”) to land users. Being granted such an LUR, the land user generally has the right to use an area of land for a specific purpose and for a specific length of time and, subject to the specific type of LUR being granted, to inherit, transfer, exchange, lease,

create mortgage over, etc., such an LUR. Subject to the specific type of LUR being granted, the term of the LUR may be long-term or for a defined period of time. In case of an LUR having a definitive term, such term must not exceed 50 years in general for commercial projects. For some special kinds of commercial projects (for example, projects with large investment capital but slow schedule of return of capital), it is possible for the term to be longer but only up to a maximum duration of 70 years.

The right of lease or assignment of an LUR depends on how the land was granted and the permitted use purpose of the land. LURs are granted by the State to a land user in the following forms:<sup>1</sup>

- An allocation of land with or without a land use fee (“LUF”);
- A lease of land with land rental payments made on an annual or lump-sum basis (the land user may choose either annual or lump-sum payment); or
- LUR recognized by the State.

## **2.2. Commercial / Industrial / Multi-Use Land**

### **A. Commercial Land**

Regarding the form of lease of land, pursuant to the Law on Land 2024, the State may lease land and collect an annual land rental or lump-sum payment of land rental from developers implementing commercial projects. Such developers include individuals that use land for the implementation of public facilities for commercial purposes, economic organizations, overseas Vietnamese individuals and foreign invested economic organizations that use land for the implementation of projects concerning public facilities for commercial purposes or residential houses for lease.

### **B. Industrial Land**

Pursuant to the Law on Land 2024, a developer of an industrial zone (“IZ”) must

lease land from the State by making annual payments or a lump-sum payment of land rental.

The subtenant in an IZ will be granted a certificate of LUR and have the same rights as a tenant leasing the land directly from the State on the same rental payment form (either annual or lump-sum payment).

A developer of an IZ, export processing zone (“EPZ”), or high technology zone (“HTZ”) is considered the lessee of the land it leases to develop such zones.

The developer may sub-lease the land with attached infrastructure facilities to a foreign invested economic organization (“FIEO”) as a subtenant to implement its investment project. FIEO refers to an economic organization having over 50% of its charter capital held by (i) foreign investors, (ii) economic organizations where foreign investors hold more than 50% of charter capital, or (iii) a combination of (i) and (ii).

Rental amounts and other sub-lease conditions are to be negotiated between the developer and the subtenant. If the land in an IZ, EPZ or HTZ is leased to the developer with land rental payments made on an annual basis, the developer may sub-lease the land for annual rental payments. If the land in an IZ, EPZ or HTZ is leased to the developer with land rental payments made on a lump-sum basis, the developer may sub-lease the land with land rental made on either form of payment.

### **C. Multi-Use Land**

The Law on Land 2024 permits a land plot to be used for multiple use purposes (“Multi-Use Land”). Notably the following types of land may be used for multi purposes:<sup>2</sup>

- (i) agricultural land may be concurrently used for commercial and service purpose, animal husbandry, and medicinal plant growing purposes;
- (ii) public land may be concurrently used for commercial and service purpose;

- (iii) land for construction of non-business works may be concurrently used for commercial purposes;
- (iv) residential land may be concurrently used for agricultural purpose, commercial and service purpose, non-business works with commercial purposes;
- (v) religious land may be concurrently used for commercial and service purpose.

Land users of Multi-Use Land must prepare a land use plan for the relevant multi-use purposes and obtain an approval from the competent authority on such plan.



## CASE STUDY

A FIEO is considering the acquisition of a land plot for development of new manufacturing facilities. The FIEO will require the certificate of land use right and ownership over assets attached to land ("**LURC**") to be issued in its name for both the land plot and the facilities to be constructed. The target land plot is not located within an IZ and is offered as a sublease from the landlord. Since the target land is located outside of an IZ, the FIEO is not eligible to obtain a LURC in its name under a sublease arrangement.

### 2.3. Residential / Condominiums

In accordance with the Law on Land 2024, the State may allocate land and collect LUF from developers implementing commercial residential housing investment projects. Economic organizations, Vietnamese nationals residing overseas and FIEOs are eligible to invest in such projects.

Vietnamese nationals residing overseas who are allowed to freely enter and exit Vietnam are entitled to own a residential house associated with LUR in the country.

The Law on Residential Housing 2023 allows foreign organizations and individuals to own residential houses in Vietnam provided that, relevant requirements are satisfied. Cases of foreign organizations and individuals eligible to own residential houses in Vietnam include<sup>3</sup>:

- Case 1: FIEOs which are developers of residential housing projects in accordance with Vietnamese laws;
- Case 2: FIEOs, branches and representative offices of foreign enterprises, foreign investment funds and foreign bank branches currently operating in Vietnam who are granted ICs/IRCs or other licenses to operate in Vietnam; and
- Case 3: Foreign individuals who are permitted to enter Vietnam and not entitled to preferential treatment rights, or diplomatic or consular immunity.

These eligible entities and individuals may own residential houses in Vietnam, where applicable, by way of:

- (i) For Case 1: implementing the residential housing projects;
- (ii) For Case 2 and Case 3: purchasing, hire purchasing commercial residential houses from developers of residential housing projects, receiving donations or inheriting commercial residential houses in residential housing projects which are not located in an area for which national defense and security must be ensured; or
- (iii) For Case 2 and Case 3: purchasing, hire purchasing residential houses from organizations or individuals which have already owned residential houses in accordance with item (ii) above.

Apart from the mentioned Case 1, the law limits the ownership by Case 2 and Case 3 over residential houses as follows:

- For apartments: Not more than 30% of the total number of residential apartments in an apartment building, or 30% of the total number of residential apartments in each



apartment tower in case an apartment building has two or more towers;

- For stand-alone residential houses (including villas and townhouses): Not more than 250 houses in an area having the population equivalent to that of a ward (i.e., 10,000 people), regardless of whether such area has one or more residential housing projects;

Apart from foreign organizations and individuals investing in their own residential housing projects (i.e., Case 1), in general other cases of eligible foreign organizations and individuals (i.e., Case 2 and Case 3) may own residential houses in Vietnam for a fixed term that can be renewed. Specifically, eligible foreign individuals may own residential houses in Vietnam for a maximum of 50 years, with an opportunity to extend subject to approval by the State. Foreign individuals married to Vietnamese citizens may own residential houses on a long term and stable basis. FIEOs, branches and representative offices of foreign enterprises, foreign investment funds and foreign bank branches currently operating in Vietnam may own houses in Vietnam for the duration indicated in their ICs/IRCs or other valid operating licenses.

In order to purchase a residential house or apartment in Vietnam, a foreign individual must be able to produce proper documentation evidencing the right to enter Vietnam. Expatriates also have the right to mortgage, transform, inherit, and transfer these apartments.

### Investment Approval

Developers of residential housing projects (including mixed-use development projects) must procure an “investment policy approval” from the Prime Minister or the provincial People’s Committee, subject to the proposed scale of the land use area and population density of such projects.

Residential housing projects involving 300 hectares of land or more or with the population

of 50,000 people or more<sup>4</sup> require the Prime Minister’s approval.

### Financing of Residential Housing Projects

The Law on Housing 2023 provides permitted sources of funds for development projects. Specifically, developers of a commercial residential housing project may mobilize capital from the following sources:

- Capital owned by the developer;
- Mobilized capital, comprising: (i) capital raised in the form of contributions, investment cooperation, business cooperation, joint ventures and affiliations of organizations and individuals, (ii) *capital raised from issuance of bonds, shares, fund certificates in accordance with the law, and* (iii) loans borrowed from credit institutions and financial institutions currently operating in Vietnam; and
- Advance payments, payments in arrears or payments in instalments for the purchase, hire purchase of residential houses to be formed in the future.

Capital mobilization is subject to the following key requirements, among others:

- May only be implemented in accordance with the permitted forms of capital mobilization;
- Must be invested exclusively in the relevant residential housing project;
- Project developer must satisfy the conditions for each source (if any) before mobilizing;
- The total mobilized capital plus the capital owned by the developer must not exceed the total investment capital of the project (including the land use fee and that the project developer is required to pay).

### Pre-Sale Contracts with Buyers

Developers may enter into pre-sale contracts and receive deposits payments only after they



have satisfied certain conditions, including the obtainment of following key documents:<sup>5</sup>

- One of the documents evidencing their LUR over the project land;
- Construction permit and application dossier to obtain construction permit (in the cases construction permit is required by law) or Construction commencement notice of commencement and design applications (in the cases construction permit is not required by law);
- Documents on the acceptance of technical infrastructure completion corresponding to the project schedule; regarding apartment buildings, and mixed-used buildings, there must be documents evidencing the completion of foundation construction;
- Confirmation issued by the provincial Department of Construction on the satisfaction of conditions for the sale or hire purchase of future residential houses.

In addition, the developer must also procure that a commercial bank or a foreign bank branch legally operating in Vietnam accept to issue bank guarantees to secure financial obligations of the developer to the customers in case the developer fails to hand over the houses in line with the timetable undertaken with the customers. Specific customers may waive the issuance of such bank guarantee.<sup>6</sup> Such waiver must be made in writing by the time of signing the relevant contract on the sale or hire purchase of residential house.

### Assignment of Projects That Use Land

An economic organization not classified as an FIEO but as a domestic economic organization (“**DEO**”) may assign LURs allocated by the State and FIEOs and DEOs that receive LURs may include these in an assignment of its investment project, to the extent the assignor has been allocated land by the State with payment of LUF, or been leased land by the State with payment of rental on a lump-sum basis, or taken the assignment of LUR pursuant to the law, in which the LUF, the rental, the assignment

amount being paid was not funded by the State budget. The project assignment contract must be made in accordance with a statutory form and will also be considered a land assignment contract.

In the event that the assignor has been allocated land by the State without payment of LUF, or been leased land by the State with payment of rental on an annual basis, or allocated land by the State with payment of LUF, leased land by the State with payment of rental on a lump-sum basis, taken the assignment of LUR, in which the LUF, the rental, the assignment amount being paid was funded by the State budget, then the value of the LUR will not be included in the project assignment’s total value. This similarly applies to land allocated by the State without collection of an LUF to be used as the contribution of capital in the form of an LUR.

When a land plot used for a project is granted for a fixed term, the FIEO or DEO taking over the project will only be entitled to the remaining term of use unless otherwise extended in accordance with Vietnamese law.

- The Law on Real Estate Business 2023 sets forth that an investor is entitled to assign its project or part of the project without possessing a LURC, provided that all the relevant conditions specified by the laws are satisfied, specifically: The investor has obtained decision on land allocation, decision on land lease, or decision on land use purpose conversion to implement the project;
- The investor has fulfilled all financial obligations (i.e., land use fee, land rental and relevant land-related taxes) payable to the State before assigning.
- The following steps are legally involved in the process of assigning a real estate project using land:
- The assignor obtains a pre-approval from the Prime Minister or the provincial-level People’s Committees (where applicable) on

the assignment ("Pre-Approval"). The law permits the assignor and the assignee to sign an "agreement on the assignment of the entirety or part of real estate project", and include the same in the Pre-Approval application dossier, if desired;

- Completing the following within 60 days from the date of issuance of the Pre-Approval: (i) conducting the following actions Signing the "project assignment contract" between the assignor and assignee in accordance with a statutory form, and (ii) handing over the project and project documentation from the assignor to the assignee.
- Conducting related land registration procedures.

After the transfer procedures are completed, the assignee inherits all rights and obligations of the assignor and becomes the new investor of the received project or part of project. The assignee shall not be required to re-prepare the project dossier, construction planning and re-apply for a construction permit, if there are no changes in the contents of the project. If there are changes in the contents of the project, the assignee shall make corresponding adjustments in accordance with Vietnamese law.<sup>7</sup>

## 2.4. Agricultural Land

Pursuant to the Law on Land 2024, the State may allocate land without payment of LUF to individuals conducting direct agricultural production activity or residential communities using agricultural land.<sup>8</sup> Depending on the land classification, the land area to be allocated is subject to specific quotas set by the State.<sup>9</sup>

In addition, the State may lease land and collect an annual land rental or lump-sum payment of land rental from individuals, economic organizations, overseas Vietnamese individuals, and FIEOs that use land for the implementation of investment projects concerning agriculture, forestry, aquaculture or salt production.<sup>10</sup>

A residential community is allowed to use allocated land on a long term and stable basis.<sup>11</sup> The duration of allocation of land in respect of individuals directly engaged in agricultural production is fifty (50) years. If upon expiry of the land use duration, the individuals directly engaged in agricultural production wish to continue using the land, they shall be allowed to continue using the land for another fifty (50) year term.

The land allocation or land lease for carrying out land-based investment projects may be considered and decided according to the operating terms of the investment projects or applications for land allocation or land lease but must not exceed 50 years.

For a project with an operating term of over 50 years according to the Investment Law, the land allocation and land lease term shall be according to the term of the project but not exceed 70 years.<sup>12</sup>

## 2.5. Leases

Land rental may be paid on an annual or lump-sum basis when the land is leased from the State pursuant to a land lease agreement.

A land lease can be granted by the State to Vietnamese individuals and households, Vietnamese organizations, overseas Vietnamese, FIEOs and foreign diplomatic or consular organizations.

Where land is leased to a DEO, overseas Vietnamese national, or FIEO on an annual rental payment basis, the rental rate applicable to each project is fixed for five years from the date of the State's decision on the land lease.

Upon expiry of such a period, the new land rental of the next period will be calculated based on the applicable land price table.<sup>13</sup>

If land lease is granted by the State for lump-sum rental payments not through an auction, the rate of the lump-sum rental shall be the land price of the land use term, as stipulated in the Government's guiding decree on land prices.



## 2.6. Restrictions of Rights of FIEOs

Pursuant to the Law on Land 2024, FIEOs that lease land from the State with a lump-sum rental payment or take over land allocated by the State with payment of LUF to implement an investment project may notably:

1. be issued a LURC;<sup>14</sup>
2. assign, grant a lease or sub-lease, and make capital contribution using the LUR and assets owned by the FIEOs on the land; and
3. mortgage the LUR and assets owned by the FIEOs on the land to credit institutions duly licensed to operate in Vietnam.

If FIEOs leases or subleases land in an IZ, industrial cluster or HTZ with a lump-sum rental payment, they are permitted to, among other things, mortgage LUR and assets owned by the FIEOs on the land to not only credit institutions duly licensed to operate in Vietnam but also other economic organizations and individuals.

FIEOs that have leased land from the State with annual rental payments may notably:

4. be issued an LURC;
5. mortgage assets owned by the FIEOs on the land to credit institutions duly licensed to operate in Vietnam;
6. make capital contribution using the assets owned by the FIEOs on the land;
7. sell the assets owned by the FIEOs on the land; or sell (i) the assets owned by the FIEOs on the land and (ii) the lease right under the land lease agreement subject to the satisfaction of certain conditions; and
8. grant a lease of (i) the assets owned by the FIEOs on the land and (ii) the lease right under the land lease agreement.

If FIEOs leases or subleases land in an IZ, industrial cluster or HTZ with an annual rental payment, they are permitted to, among other things, mortgage assets owned by the FIEOs on the land to not only credit institutions duly licensed to operate in Vietnam but also other economic organizations and individuals.



### TIP!

The right of FIEOs to use real property for rental purposes or commercial purposes is limited under Vietnamese law. For example, a property, which may be marketed as residential such as a condotel may in fact be classified under the LURC as commercial. Such classification would change the required governmental permissions to engage in the business of renting out such property.



## CHAPTER 3

---

### 3. Acquisition of Ownership

Under the Law on Land 2024, FIEOs are only permitted to take an assignment of an LUR over the land plot located in a IZ, industrial cluster or HTZ <sup>15</sup> DEOs and Vietnamese citizens may obtain LURs assigned from other land users. Vietnamese individuals and companies may receive a “land allocation” from the local People’s Committee with payment of LUF, which is essentially equivalent to freehold property ownership. FIEOs may also receive land through allocation with payment of LUF, but only to implement investment projects for the construction of residential houses for sale or for sale combined with leasing.



Foreign organizations having diplomatic function are not entitled to acquire LURs through land allocation and may only acquire LURs through a land lease with the State, under which they can pay land rental on an annual or lump-sum basis.

LURs are evidenced by the LURC which records certain particulars regarding the registered holder of the certificate, the duration and purpose of the land use and, as the case may be, all registered mortgages and other encumbrances over the land. The LURC also includes a map of the land plot/apartment plan in question.

Under the Law on Land 2024, FIEOs may obtain LURs in one of the following key ways:

- Receiving transfer of land located in an IZ, industrial cluster or HTZ.
- Receiving an allocation of land from the State in order to implement investment projects for the construction of residential houses for sale or for sale combined with leasing.
- Leasing the land from the State in order to implement investment projects in agricultural production, forestry, aquaculture or salt production, for non-agricultural business and production, for the construction of community buildings for business purposes, and commercial land for tourism and office business activities.
- Taking over land allocated by the State or leased to Vietnamese partners as the capital contribution.

The provincial People's Committees are the competent authorities to approve land leases in favor of FIEOs. The Department of Natural Resources and Environment ("**DONRE**") represents the provincial People's Committee as the Vietnamese party to the land lease agreement, which must conform to the standard land lease form promulgated by the Vietnam Government.

### 3.1. Perfecting Ownership

Agreements for the transfer of LURs or assets attached to land must be made in writing and notarized or certified, except for agreements in which at least one of the parties is a real estate enterprise.<sup>16</sup>

The registration of LURs or asset transfers must be carried out at the Land Registration Office, under the DONRE or its branches within 30 days after the date of the transfer.

After examining the registration application dossiers and determining that the conditions for transferring the LUR or assets attached to the land are satisfied, the Land Registration Office must send relevant cadastral information to the tax authority so that it can assess any related tax liabilities. After the land user or actual property owner has fulfilled such financial obligations, the Land Registration Office will certify the necessary content and make an entry in the current LURC recording the transfer or issue a new LURC to the transferee (notably if requested by the transferee). In the event that the new land user or owner of real property seeks to partially transfer LUR already issued with a LURC, the Land Registration Office must submit a file to the competent agency so that a new LURC may be issued to the new land user or real estate owner.

### 3.2. Asset Acquisitions

It is important to examine the legal documents of real property such as the LURC, IRC, construction permit, fire prevention and safety approvals, approved environmental impact assessment reports and so on during an asset acquisition due diligence process.

Under Vietnamese laws, mortgaged properties cannot be transferred without the consent of the mortgagee unless the law prescribes otherwise. As such, any potential purchaser should inspect whether the relevant LUR or real estate is mortgaged to a third party. The law requires that a mortgage of an LUR or assets attached to the land must be registered with

the Land Registration Office or its branches where the land is located.

Once registered, the mortgage information regarding the LUR or real estate should be indicated on the LURC. Individuals and organizations may also try to seek information on the mortgage from the local Land Registration Office.

### 3.3. Share Acquisitions

Share acquisitions may be a good way to indirectly and practically hold an LUR or real estate if the target company is the land user or real estate owner. Apart from some considerations set out above, a potential purchaser should also keep an eye on whether any liabilities/obligations may be imposed on the target company in connection with the LUR or the real estate. Such liabilities could include those towards a third-party lender if the target company has used the LUR or real estate to secure its own repayment obligations.

### 3.4. Other Acquisition Rights

#### Inheritance/Donation

Overseas Vietnamese who are entitled to own a residential house in Vietnam, domestic organizations, households, individuals, and residential community may acquire an LUR or assets attached to the land by means of inheritance or receipt of donation.<sup>17</sup> Agreements on the donation of LUR and assets attached to the land must be made in writing and notarized or certified.<sup>18</sup>

#### Exchange

An individual may acquire LURs for agricultural land by means of exchange of LUR with another individual within the same province.<sup>19</sup> Agreements for the exchange of LUR regarding agricultural land must be made in writing and may be notarized or certified upon the request of the parties.<sup>20</sup>

### Capital Contribution

DEOs and FIEOs may acquire LURs by means of receiving capital contribution using the land use right. Agreements for the capital contribution using LUR and assets attached to the land must be made in writing and notarized or certified, except for agreements in which at least one of the parties is a real estate business organization. In case the party making the capital contribution using LURs has leased the relevant land with payment of rental on annual basis, the receivers of the capital contribution using LURs will continue to lease the land and sign the lease agreement with the provincial DONRE.

The land users acquiring the LUR in one of the above means will, upon submission of a complete and valid application dossier, be issued LURCs regarding the LUR in question.



#### **TIP!**

Investors should be aware that the period of the LUR granted may not align with the operational term of the enterprise. From a practical perspective, if the LUR expires prior to the operational term of a particular real estate project, the enterprise would be required to apply for and obtain a renewal of the LUR to secure the use right for the remaining operational term.





# CHAPTER 4

---

## 4. Zoning and Planning Permissions

### 4.1. Zoning Laws

The Law on Land 2024 requires that land use follow the land use plan, the land use master planning and the approved land use purposes. Furthermore, the allocation of land, land leasing or conversion of land use purposes by the State must be based on the approved annual land use plan at the district level, subject to certain exceptions. It must also follow land use demands as indicated in investment project documents or in applications for land allocation, land leases or conversion of land use purposes.

The LURC for each land plot sets out, among others, the purpose of the land use. Failure to comply with such purposes may lead to revocation of the relevant land plot.

If the land use purpose is not appropriate to the land plot in question, it may be changed subject to permission by the State and payment of an LUF or land rental, as the case may be.

State permission is required for the following conversion of land use purposes:<sup>21</sup>

- From land for rice cultivation, forest land designated as specialized use, protected, or for production to other purposes in the agricultural land category;
- From agricultural to non-agricultural land;
- From land of other land categories to land for centralized farming to carry out large-scale farming projects;
- From non-agricultural land allocated by the State without LUF payment to another non-agricultural land category allocated by the State with payment of LUF or leased by the State;
- From non-agricultural and non-residential land to residential land;
- From land designated for the construction of non-business works, public works for commercial purposes to non-agricultural land for business and production purposes;
- From non-agricultural production and business land which is not commercial and service land to commercial and service land.

It is crucial that a foreign investor be fully aware of the specific land use purpose when entering into a joint venture or cooperation agreement with a local land user that intends to use the LUR as for capital contribution. The local land user will have to apply to the relevant authorities to convert the purpose of land use in the event that this does not align with the proposed project and may need to pay the LUF or land rental before entering into the land transaction.

## 4.2. Environmental Laws

The primary legislation governing environment protection in Vietnam is the Law on Environment Protection No. 72/2020/QH14 dated 17 November 2020 issued by the National Assembly ("**Law on Environment Protection**") which took effect on 1 January 2022. Accordingly, during the preparation and execution of master planning, plan, projects and activities which involve the use of land, investors must consider impacts on soil, measures for environmental pollution or degradation prevention and control and soil protection.<sup>22</sup>

Depending on the risk level for adverse impacts on the environment (i.e. high risk, risk, minor risk, and no risk), an investment project (e.g. projects with land use and environmentally sensitive factors, projects with environmentally sensitive factors which require conversion of land use purpose, etc.) may be required to conduct a preliminary environmental impact assessment, environmental impact assessment, environmental registration, obtain environmental licenses or may be exempted from these obligations.<sup>23</sup> The classification of the level of risk is based on the scale, capacity, type of production, business, service as well as environmental sensitivity factors of each investment project.<sup>24</sup> With respect to investment projects in urban areas or populated metropolitan areas, the developer of such projects must, for example, satisfy certain environmental requirements including water supply and drainage systems, waste water collection and treatment systems, and minimum tree areas/parks.<sup>25</sup>

## 4.3. Master Planning Laws

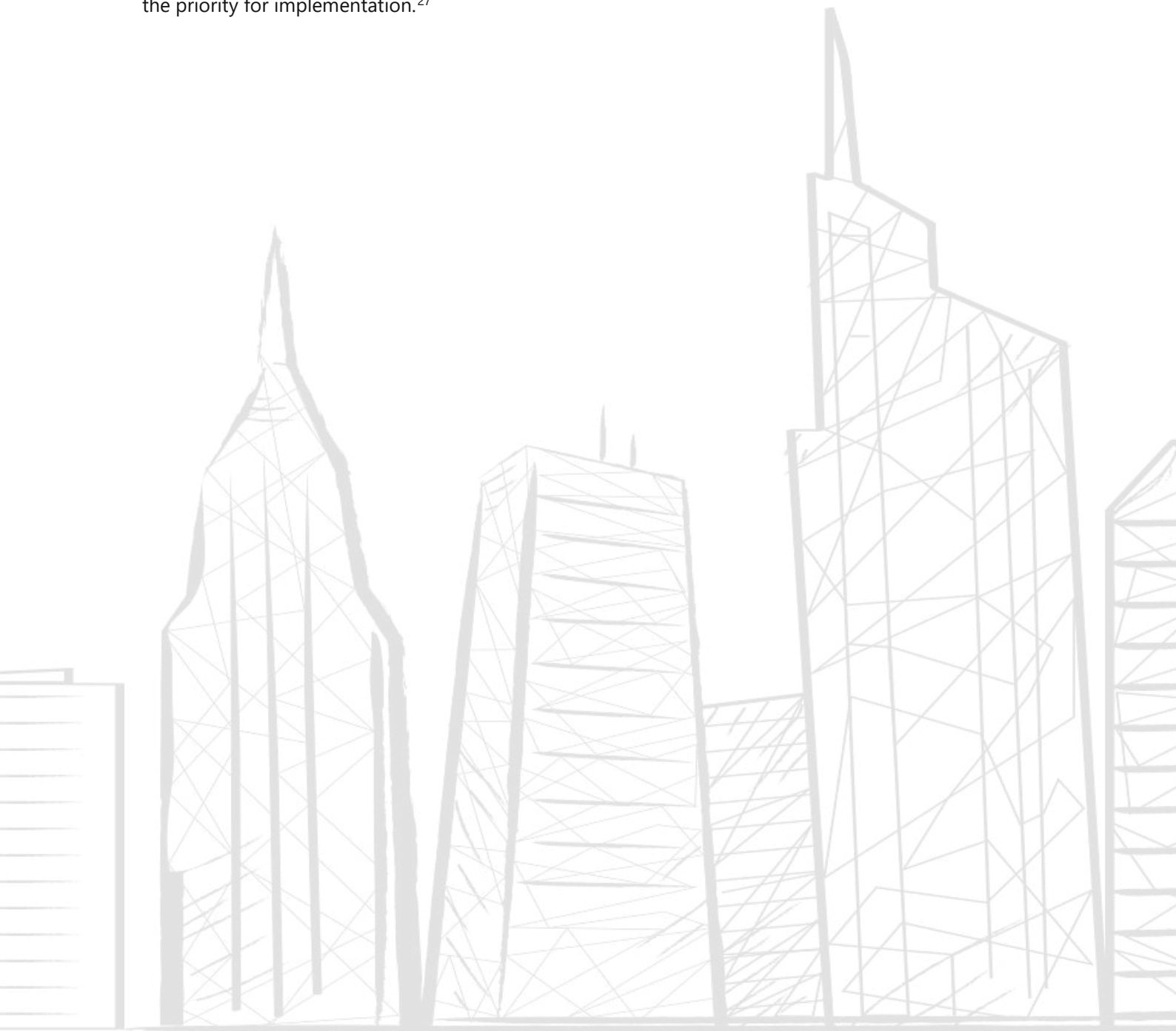
The primary legislation governing the appraisal, decision or approval, announcement, implementation, assessment and adjustment of master planning under the national master planning system of Vietnam is the Law on Master Planning no. 21/2017/QH14 dated 14 November 2017 issued by the National Assembly (the "**Law on Master Planning**"). The



law states that the national land use master planning shall specify the distribution and organization of land use area for the purpose of socio-economic development, national defense and security assurance, environmental protection, natural disaster management and climate resilience on the basis of land potential and land use demand by inter-regional and inter-provincial industries and sectors.<sup>26</sup> The regional and provincial master planning will also include the lists of investment projects and the priority for implementation.<sup>27</sup>

#### 4.4. Firefighting and Fire Safety

The primary legislation governing fire safety protection in Vietnam is the Law on Fire Prevention and Fire Fighting no. 27/2001/QH10 dated 29 June 2001 as amended by Law No. 40/2013/QH13 dated 22 November 2013 issued by the National Assembly (as amended) and its various implementing decrees and regulations (collectively, "**Law on FPFF**").







# CHAPTER 5

---

## 5. Construction

### 5.1. Legal Framework

The primary legislation governing construction activities in Vietnam is the Law on Construction No. 50/2014/QH13 dated 18 June 2014 (as amended) (“**Law on Construction**”) and its various implementing decrees and regulations. The Law on Construction applies to all organizations and individuals (foreign or domestic) that conduct construction activities in Vietnam. Based on the sources of investment, construction projects are variously classified as those using public state funds, non-public state funds, public-private partnerships or private construction

projects. Projects using public state funds are to be evaluated and monitored by the competent authorities in accordance with approved evaluation criteria laid out in the Law on Public Investment and the Law on Construction. For other construction projects, the competent authorities will only monitor, evaluate or assess: the objectives, conformity with relevant master planning, land use purpose, the construction investment timetable and environmental protection regulations. For projects using public investment funds or non-public investment state funds, financial penalties for breaches of construction contracts must not exceed 12% of the total value of the breached contractual portion. The level of fines for contractual breaches regarding other construction projects must be in accordance with the Civil Code and Commercial Law of Vietnam.

## 5.2. Construction Licensing Requirements

Different construction permits are granted for projects in urban, non-urban areas, as well as for housing projects. Most notably, such licenses must include provisions on compliance with land use master planning, safety measures and approved construction designs.

### Construction Permits

Prior to commencement of construction on the project area, the employers must secure a construction permit unless the construction works in such project are exempted from a construction permit.<sup>28</sup>

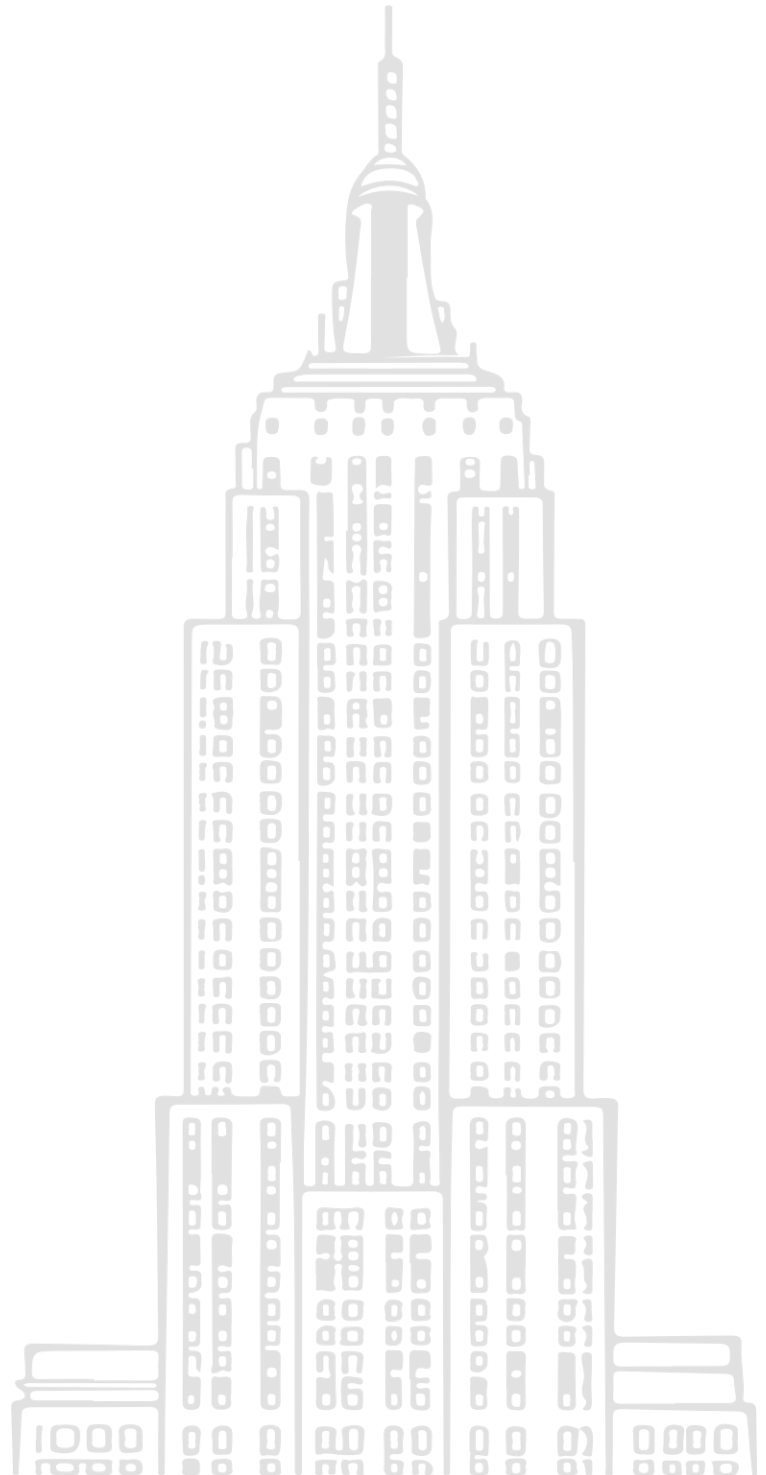
### Licenses and Certificates for Construction Operations

Construction Operation Practicing Certificates are required for construction operations by individuals (Vietnamese citizens or foreign nationals). Organizations with valid business registration certificates are entitled to perform construction work in line with their certificates. Under Decree No. 15/2021/ND-CP dated 3 March 2021 issued by Vietnamese Government providing detailed regulations on management of construction investment projects (as

amended), foreign contractors must apply for and secure construction operation licenses.

## 5.3. Specific Regulatory Requirements

In line with the Law on Construction, construction investment activities must comply with national technical regulations and applicable compliance standards.







# CHAPTER 6

---

## 6. Taxes

### 6.1. Land Related Taxes

Taxable income from real property transfers is fixed according to the price of each transaction under review, at the effective date of the transfer or transaction execution (except for certain special cases). For both Vietnamese tax and non-tax resident individuals, personal income tax (“**PIT**”) at the rate of 2% applies to the real property transfer price. For organizations, corporate income tax (“**CIT**”) at the rate of 20% applies to the capital gain from the real property transfer.



LUR transfers are not subject to value-added tax (“VAT”). The transfer of property attached to the land is subject to 10% VAT, with the exception of transactions concerning state-owned residential assets between the state and existing tenants.

If the transferor is not an individual/organization doing business, the transferor is not required to declare, assess and pay VAT.<sup>29</sup>

The PIT on income from real property of the transferor may be exempted if such transfer subject to the following:<sup>30</sup>

- (i) Income from real property transfer as between husband and wife; as between parents and children, including foster parents and adopted children; as between parents-in-law; as between grandparents and grandchildren; and as between siblings;
- (ii) Income from transfer of residential housing and/or right to use residential land and the assets attached to the land by an individual who owns only one residential house or residential land block.

To register ownership of housing assets or land and relevant use rights, the buyer is subject to a 0.5% registration fee based on the value of the assets.

## 6.2. Property / Land Use Taxes

For non-agricultural land (except non-agricultural land not used for commercial purpose), the land user is subject to a non-agricultural land use tax, based on the per square meter price of the land (according to provisions issued by the provincial Peoples’ Committee) multiplied by the land area and applicable tax rate (ranging from 0.03% to 0.2% subject to specific kind of land).

## 6.3. Land Use Fees (“LUF”)

The LUF for allocated land is generally based on the market value of the land, which shall be determined by the People’s Committee of the relevant province or district as a specific land price for the specific land plot in accordance with statutory principles and procedures.

Regarding areas for which there have been a land price table specifying each land plot based on value zone and typical land plot, then the specific land price shall be determined in accordance with such land price table.

Under the Law on Land 2024, commencing from 1 January 2026, the provincial People’s Committee shall prepare and submit the initial land price table to the provincial People’s Council for a decision on whether it is eligible to be announced and applied. The provincial People’s Committee is annually responsible for submitting the land price table to the provincial People’s Council for a decision on adjustments, amendments, and supplements of the land price table to be announced and applied from 1 January of the following year.

LURs may be allocated for specific purposes to individuals, economic organizations, FIEOs, overseas Vietnamese individuals upon payment of an LUF. If such entities pay the LUF with their own funds, in general they can lease the land, give the land away, mortgage LUR to credit institutions duly licensed to operate in Vietnam, or make capital contribution using the LUR. They may also mortgage LUR to other economic organizations or individuals, subject to certain exceptions.

On the other hand, a LUR allocation without payment of a LUF can only be made to Vietnamese individuals, residential communities and organizations for certain purposes. There is a distinction between LURs held by Vietnamese individuals and those held by Vietnamese organizations through allocation of an LUR without payment of a LUF. Vietnamese organizations cannot mortgage, assign, exchange, give away, lease, sub-lease, provide as guarantee, or make capital contribution using their LURs in contrast to Vietnamese individuals who may do so. Importantly, Vietnamese organizations **are not allowed** to contribute LURs that they hold as equity into joint ventures with foreign investors unless the LUF has been paid in full for the entire term. In order to obtain a LUR from the State, an application must be made to DONRE.

A FIEO can only proceed with such an application having first obtained an IRC and an ERC.

#### **6.4. Tax on Rental Income**

Depending on whether the lessor is an organization or an individual, rental income arising from the leasing of real estate is subject to 20% corporate income tax (“**CIT**”) or 5% personal income tax (“**PIT**”). The lease is also subject to VAT. Normally in practice, the parties may agree under the agreement as to which party will bear relevant taxes (or to what extent each will bear respective liability).



# CHAPTER 7

---

## **7. Real Estate Investment Funds**

A real estate investment fund, as a form of securities investment fund, must be managed and have its activities controlled by a certified fund management company. Real estate investment funds are not permitted to engage in the construction, deployment or development of real estate projects. Vietnam law sets out the conditions on real estate investment activities by real estate investment funds as below:



a. **Real estate permitted to be traded in accordance with the laws on real estate business.** The real estate must be in Vietnam for the purpose of leasing or for exploitation for the purpose of earning stable profit. The type of real estate must be consistent with the investment policy and objectives specified in the fund charter and the prospectus of such a fund;

b. **Residential houses, construction works must have been completed in accordance with the laws on construction.** If the real estate is still in the construction phase, a real estate investment fund may only invest in it if the following conditions are met:

- The real estate is not a land without construction works in accordance with the laws on real estate business and land;<sup>31</sup>
- The construction project has been implemented in accordance with schedule prior to the time the fund makes its capital contribution;
- Transaction contracts with potential customers have been signed, which guarantees that the real estate may be sold or used, leased immediately after completion; and
- The total value of items of real estate in the construction phase must not exceed 10% of the fund's total asset value.

Prior to investing in any real estate, the fund management company must prepare a 5-year exploitation and use plan for such real estate and obtain approval of the representative board of such investment fund.<sup>32</sup>





# CHAPTER 8

---

## 8. Real Estate Finance

### 8.1. Permitted Finance

Investors should be aware that the type of finance available for a real estate investment will be dependent upon the form of ownership (individual versus corporate), the nationality status of the individual or corporate investor under Vietnamese law, and the equity to total investment capital ratio required for the relevant investment project. On this basis not all forms of investment as detailed within this section area are available to all real estate investment projects.

## 8.2. Mortgage

According to the Law on Land 2024, FIEOs being granted a land allocation or land lease from the State (with payment of LUF or payment of rental on a lump-sum basis) may only mortgage LURs to credit institutions licensed to operate in Vietnam. DEOs being granted a land allocation or land lease from the State (with payment of LUF or payment of rental on a lump-sum basis), and FIEOs leasing or subleasing land in an IZ, industrial clusters or HTZ with payment of rental on a lump-sum basis, may mortgage LURs to not only credit institutions licensed to operate in Vietnam, but also other economic organizations and individuals. However, none of such cases are permitted to mortgage LUR to offshore lenders. From a practical perspective, it is increasingly common for both domestic and overseas banks to employ innovative ways of cooperation to mitigate such issues.

## 8.3. Other Security Interests

The following types of collateral are allowed as security under Vietnamese law: objects, money, valuables papers,<sup>33</sup> and property rights. As for project finance transactions, typical security packages include immovable property (LURs, assets attached to the land), movable assets, contractual rights (including beneficial rights under an insurance policy), money in onshore and offshore bank accounts.

Collateral can also be assets to be formed in the future – for example, residential houses to be constructed in a residential house development project. However, LURs to be formed in the future are not permitted to be used as collateral for securing obligations.

A (foreign or domestic) shareholder may pledge any shares in favor of a foreign lender (in lieu of LURs). However, as there are practical (although not legal) limits on foreign ownership in Vietnamese real estate companies, foreign lenders can only receive a transfer of shares up to the applicable maximum foreign ownership

cap and would need to sell the remainder to Vietnamese purchasers.

## 8.4. Foreign Lender Restrictions

A foreign individual or organization cannot lend money secured by a mortgage over LUR in Vietnam. Escrow accounts, money in bank accounts, share/capital contribution mortgage agreements, and corporate/personal/bank guarantees are often used as alternative security arrangements.

Due to these specific constraints, it can be challenging for foreign lenders to securitize mortgages involving real property. Thus, it is a common practice that foreign investors seeking to adequately protect themselves in regard to in-country transactions involving land will use Vietnamese credit institutions as intermediaries or rely on share/capital contribution mortgages, corporate/personal/bank guarantees as security.

## 8.5. Recording Encumbrances Over Land Use Rights

A new mortgage of LURs and assets attached to land shall be registered in one of the following forms:<sup>34</sup>

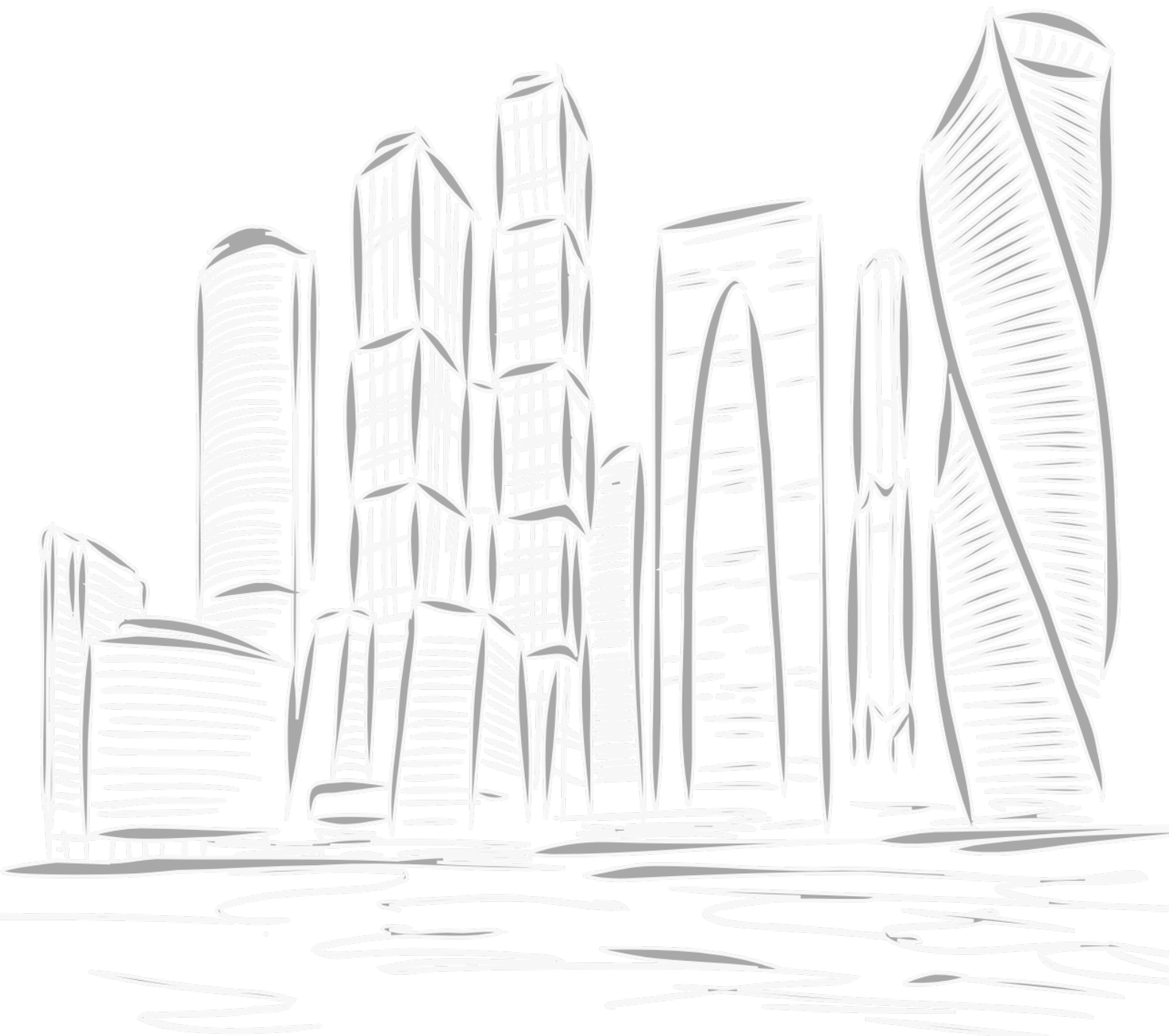
- Registration of mortgage of LURs;
- Registration of mortgage of assets attached to land;
- Registration of mortgage of both LURs and assets attached to land;
- Registration of mortgage of off-the-plan assets attached to land;
- Registration of mortgage of both LURs and off-the-plan assets attached to land;
- Registration of mortgage of investment projects for construction of residential houses, investment projects for construction of buildings other than residential houses or other investment projects as per the law.



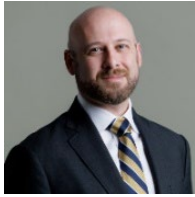
In practice, the parties to the mortgage transaction shall directly submit an application to the relevant land registration office or its branch for the registration of a mortgage. The application dossier may vary subject to the kind of asset used for the mortgage. In general, the application shall include the following key documents:<sup>35</sup>

- An application form made in accordance with a statutory form;

- Mortgage agreement (the mortgage agreement may need to be notarized or certified if required by law); Power of attorney (if applicable); and
- Original of LURC;
- Other documents (e.g., relevant construction permits or decision of investment project approval; site drawings of the project; housing sale and purchase contracts; etc.).



# KEY CONTACTS



## Paul Volodarsky

Partner, Head of Regional Real Estate and Hospitality Practice  
[paul.volodarsky@dfdl.com](mailto:paul.volodarsky@dfdl.com)



## Hanh Tran

Partner, Co-Managing Direct, Vietnam  
[hanh.tran@dfdl.com](mailto:hanh.tran@dfdl.com)



## Thang Huynh

Partner, Vietnam  
[thang.huynh@dfdl.com](mailto:thang.huynh@dfdl.com)



**10**  
COUNTRIES

**12**  
OFFICES

**150+**  
LEGAL AND TAX  
ADVISERS

**25**  
NATIONALITIES



# ABOUT DFDL

## Leaders in Southeast and South Asia

DFDL was established in 1994 and founded on a unique vision: to create an integrated legal and tax advisory firm, with in-depth knowledge of the developing jurisdictions in which we are based. Our dedicated professionals exhibit the acumen and insight necessary to assist you in navigating the legal and tax complexities and challenges. Drawing on a wide-ranging industry experience and finely tuned local knowledge in the countries we operate in, we strive to provide concise, commercially focused, and innovative advice, staying true to our original motto One Region. One Firm.

DFDL has 12 offices including collaborating firms, in Bangladesh, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

## Our Solutions

We are constantly adapting in fast-changing environments. As a full-service and fully integrated legal and tax firm, we remain focused on our fundamental mission: to bring you successful solutions and add value to your projects across Southeast and South Asia. We are committed to our clients' success and to providing them with commercially focused legal solutions that help them overcome their business challenges.



Anti-Trust and Competition



Employment



Aviation and Logistics



Energy, Natural Resources, and Infrastructure



Banking and Finance



Investment Funds



Compliance and Investigations



Real Estate and Hospitality



Corporate Advisory



Restructuring



Corporate, Mergers and Acquisitions



Tax and Transfer Pricing



Dispute Resolution



Technology, Media, and Telecoms



## END NOTES

---

<sup>1</sup> Article 12 of the Law on Land No. 31/2024/QH15 (“**Law on Land 2024**”)

<sup>2</sup> Article 218.1 of the Law on Land 2024

<sup>3</sup> Article 17.1 of the Law No. 27/2023/QH15 on housing dated 27 November 2023 (“**Law on Housing 2023**”)

<sup>4</sup> Article 31.1(g) of Law No. 61/2020/QH14 on Investment 2020 dated 17 June 2020, as amended

<sup>5</sup> Article 24 of the Law No. 29/2023/QH15 on real estate business dated 28 November 2023 (“**Law on Real Estate Business 2023**”)

<sup>6</sup> Article 26.3 of the Law on Real Estate Business

<sup>7</sup> Article 39.3 of the Law on Real Estate Business 2023

<sup>8</sup> Article 118 of the Law on Land 2024

<sup>9</sup> Article 176 of the Law on Land 2024

<sup>10</sup> Article 120 of the Law on Land 2024

<sup>11</sup> Article 171.2 of the Law on Land 2024

<sup>12</sup> Article 172.1(c) of the Law on Land 2024

<sup>13</sup> Article 153.2 of the Law on Land 2024

<sup>14</sup> This is the exact and full name of the certificate as provided in the Law on Land; in practice, this certificate does not necessarily record all of LUR, ownership of residential houses and other properties attached to land, and there are several cases in which this certificate only records one or two of these things.

<sup>15</sup> Article 28.1.c of the Law on Land 2024

<sup>16</sup> Article 27.3 of the Law on Land 2024

<sup>17</sup> Article 28.1(e), (g) and (h) of the Law on Land 2024

<sup>18</sup> Article 27.3.(a) and (c) of the Law on Land 2024

<sup>19</sup> Articles 28.1.(a) and Article 37.1.(b) of the Law on Land 2024

<sup>20</sup> Article 27.3(b) of the Law on Land 2024

<sup>21</sup> Article 121.1 of the Law on Land 2024

<sup>22</sup> Article 15.1 of the Law on Environment Protection

<sup>23</sup> Articles 29, 30, 39, 49 of the Law on Environment Protection

<sup>24</sup> Article 28 of the Law on Environment Protection

<sup>25</sup> Article 57 of Law on Environment Protection

<sup>26</sup> Article 24.1 of the Law on Master Planning

<sup>27</sup> Articles 26.2(g) and 27.2 (o) of Law on Master Planning

<sup>28</sup> Article 89.2 of Law on Construction

<sup>29</sup> See Circular 219/2013/TT-BTC dated 31 December 2013 guiding the implementation of Law on VAT and Decree 209/2013/ND-CP guiding Law on VAT

<sup>30</sup> Article 4 of Law No. 04/2007/QH12 on PIT dated 21 November 2007, as amended (“**Law on PIT**”)

<sup>31</sup> Article 51.4(b) of Circular 98/2020/TT-BTC dated 16 Nov 2020 on providing guidance on operation and management of securities investment funds (“**Circular 98**”)

<sup>32</sup> Article 52.1 of Circular 98

<sup>33</sup> See Article 6.6 of Circular no. 08/2018/TT-BTP dated 20 June 2018 of the Ministry of Justice

<sup>34</sup> Article 25 of Decree No. 99/2022/ND-CP dated 30 November 2022 on registration of security interests (“**Decree 99**”)

<sup>35</sup> Article 27 of Decree 99.

**EXCELLENCE • CREATIVITY • TRUST**

Since 1994

BANGLADESH | CAMBODIA\* | INDONESIA\* | LAO PDR | MALAYSIA\* | MYANMAR | PHILIPPINES\* | SINGAPORE | THAILAND | VIETNAM

\*DFDL collaborating firms

