

## Special Alert

# DECREE NO. 96/2026/ND-CP: KEY CHANGES GUIDING THE LAW ON INVESTMENT 2025

April 2026

On 31 March 2026, the Government of Vietnam issued Decree No. 96/2026/ND-CP (“**Decree 96**”), providing detailed guidance on the implementation of the Law on Investment 2025. Decree 96 took effect immediately upon issuance and replaces earlier implementing regulations, most notably Decree No. 31/2021/ND-CP, thereby establishing a revised legal framework for both domestic and foreign investment activities in Vietnam.

From a foreign direct investment (“**FDI**”) perspective, Decree 96 represents a structural shift in regulatory philosophy: moving away from extensive pre-approval controls toward simplified administrative procedures, strengthened post-licensing supervision, enhanced investment guarantees, and more targeted incentives aimed at attracting high-quality, technology-driven capital inflows. Set out below are the key changes that are likely to be most relevant to foreign investors operating in or considering entry into the Vietnamese market.

## Introduction of “Special Investment Procedures” (Green Channel)

One of the most notable innovations under Decree 96 is the formalization of “special investment procedures”, often referred to as a *green channel*, applicable to eligible projects implemented in industrial parks, export processing zones, high-tech parks, economic zones, and other designated areas.

Under this mechanism:

- Investors may opt for a registration-and-commitment approach, in lieu of undergoing multiple pre-licensing approvals traditionally required under sector-specific regulations, including approvals related to construction, environmental impact assessment, and fire prevention and fighting;
- The investor submits an investment application together with a written commitment to comply with all applicable technical standards and regulations throughout the project lifecycle; and

- The competent licensing authority issues the Investment Registration Certificate (“**IRC**”) within 15 working days, subject to subsequent post-licensing inspection and monitoring.

This mechanism represents a material reduction in time-to-market and upfront regulatory burden, particularly for greenfield manufacturing, processing, and technology projects that are implemented within established industrial or economic zones. In practice, the green-channel procedure may significantly shorten project implementation timelines and reduce uncertainty at the initial investment stage.

However, it is critical for investors to recognize that this facilitation comes with a corresponding shift in regulatory focus toward ex-post supervision. Where regulatory non-compliance is identified after operations commence, whether in relation to construction standards, environmental protection, or fire safety, the authorities may impose sanctions, including suspension or termination of project operations. Investors should therefore ensure that internal compliance systems and technical standards are robustly implemented from the outset.

## Expanded and More Targeted Investment Incentives

Decree 96 introduces a more differentiated and policy-driven investment incentive framework, reflecting Vietnam’s evolving strategy to attract high-value, innovation-focused FDI. The Decree places particular emphasis on priority sectors, including:

- Semiconductors and chip manufacturing, including upstream and downstream activities;
- Artificial intelligence (AI), big data, and digital technologies;
- High-tech research and development (R&D) and innovation-driven projects; and
- Strategic infrastructure and digital transformation initiatives.

Projects meeting prescribed thresholds in respect of capital size, capital disbursement progress, technological contribution, and innovation content may qualify for special investment incentives, which may include enhanced corporate income tax incentives, preferential land-use regimes, and other forms of investment support pursuant to applicable tax and land legislation.

From a practical perspective, Decree 96 places greater importance on the substance and quality of investment projects, rather than merely their scale. As a result, foreign investors, particularly in technology-intensive sectors, are encouraged to reassess project eligibility under the new incentive criteria and engage proactively with the relevant authorities at an early stage of investment structuring to secure clarity on incentive availability and scope.

## Greater Flexibility in Investment Structuring

In addition to procedural simplification, Decree 96 introduces several refinements aimed at providing greater structural flexibility for foreign investors, particularly in complex or phased investment transactions. Key changes include:

- Permitting, in certain cases, the establishment of an economic organization prior to the issuance of an IRC, which

may facilitate advance corporate structuring and transaction sequencing;

- Expanding the circumstances in which adjustment of investment policy approval is not required, thereby reducing approval risk and delays in the event of project modifications or administrative reorganizations; and
- Providing clearer grounds on which competent authorities may suspend or refuse to process investment applications due to incomplete documentation or failure to respond to requests for clarification.

These refinements are particularly relevant to M&A transactions, joint ventures, and phased investment structures, allowing transactions and corporate arrangements to proceed with reduced procedural friction and greater predictability. From a risk-management perspective, the clearer delineation of authority discretion also enhances transparency for foreign investors navigating Vietnam's investment licensing regime.

## Strengthened Investment Guarantees and Legal Certainty

Decree 96 continues confirming and further clarifies mechanisms designed to protect investors against adverse changes in law, particularly where new legislation impacts existing investment incentives. In such circumstances, investors may continue to enjoy previously granted incentives or request the application of protective measures in accordance with the Law on Investment 2025.

These provisions reinforce Vietnam's long-term commitment to investment stability and legal certainty, an increasingly important consideration for capital-intensive FDI projects with long investment horizons and extended payback periods. From an FDI perspective, the clarified guarantee mechanisms provide additional comfort in relation to regulatory predictability and the protection of legitimate investor expectations.

## Key Takeaways for foreign Investors

- Vietnam is progressively moving away from heavy pre-approval controls toward a risk-based, post-investment supervision model for qualifying FDI projects. While initial licensing procedures may be streamlined for certain sectors, authorities are placing greater emphasis on continuous compliance, including reporting, disclosure, operational alignment with registered objectives, and adherence to investment conditions throughout the project lifecycle.
- Investment and M&A planning should no longer focus solely on licensing timelines, conditional approvals, or deal completion mechanics. Foreign investors must proactively assess ongoing compliance burdens, such as capital contribution schedules, project implementation milestones, sector-specific restrictions, and potential regulatory audits, as these can materially affect deal certainty, exit planning, and valuation.
- High-tech, digital, R&D-intensive, and innovation-focused foreign investment projects are expected to benefit most from fast-track procedures and enhanced investment incentives under Decree 96. These advantages may include accelerated approvals, preferential treatment, and reduced administrative friction, positioning Vietnam as a more competitive destination for strategic technology and knowledge-based investors.

- Despite procedural improvements, early-stage legal, regulatory, and policy assessment remains critical to achieving investment certainty. Timely legal advisory input helps foreign investors identify regulatory risks, structure projects efficiently, align with evolving policy priorities, and fully leverage available incentives while minimizing compliance exposure over the long term.

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