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Asia Counsel Insights

SECTION I. OVERVIEW OF THE RECENT LEGISLATION

Asia Counsel Insights offers a concise overview of key legal and business trends in Vietnam and their potential impact on your business.

In this June 2025 edition, we cover recent legislative updates including amendments to Invoice Regulations, guidelines for Gas-fired Thermal Power Projects, and new Fire Prevention and Fighting laws with related administrative sanctions. We also spotlight new rules on Opening and Using Indirect Investment Accounts and changes to Foreign Indirect Investment regulations in Vietnam's securities market.

Amendments to Invoice Regulations

On 20 March 2025, the Government issued Decree No. 70/2025/ND-CP ("**Decree 70**"), amending Decree No. 123/2020/ND-CP, which provides regulations on invoices and takes effect on 01 June 2025. Below is a summary of the notable amendments and supplementations which arise from Decree 70.

Invoice contents

Decree 70 introduces additional requirements, including:

(a) the inclusion of a personal identification number for individual buyers or an entity code for organizations; and

(b) a description of goods and services.

Timing of invoice issuance

Decree 70 introduces the timing of invoice issuance for the following business activities, among others:

(a) lending activities: actual time of interest receipt (including early interest collection, if any), subject to interest collection schedule;

(b) foreign currency exchange agency services, foreign currency receipt and disbursement services by credit institutions on behalf of economic organizations: time of foreign currency exchange, time of completion of foreign currency receipt and payment services, respectively;

(c) insurance business: time of recognition of insurance revenue;

(d) casino operations and prize-winning electronic games: no later than one (01) day from the end of the revenue determination date;

(e) medical examination and treatment services using medical management software: end of the day for consolidated invoices, and the time requested by the customer (if any).

Decree 70 further expands the scope of large-volume and recurring goods sales and service provision—where additional time is required for data reconciliation—to include, among others, railway support services, television advertising services, e-commerce services, banking services (excluding lending activities), international money transfers, securities services, electronic lottery, and usage fee collection. Time for invoice issuance of these cases is the time of completion of data reconciliation, but no later than the 7th day of the month following the month in which the service, sale is provided, or no later than 07 days from the end of the agreed-upon settlement period.

E-invoices from cash registers

Household businesses, individual businesses with annual revenue of VND 1 billion or more, enterprises engaged in the goods sale or the services provision directly to end consumers (e.g., shopping malls, supermarkets, food and beverage, restaurants, hotels), are required to use e-invoices generated from cash registers that are connected electronically to the tax authority's data system.

Amendment to Mechanism for Development of Gas-fired Thermal Power Projects

Decree No. 100/2025/ND-CP was issued on 8 May 2025 by the Government to provide some amendments to Decree No. 56/2025/ND-CP regarding power plant projects in which notably are the amendments on mechanism for the development of gas-fired thermal power projects.

Domestically extracted natural gas

These power projects are to operate and be dispatched at maximum capacity based on available gas supply, meeting fuel, capacity, and available electricity generation requirements, national grid technical constraints and electricity demand. This policy applies to projects having been officially accepted for completion by competent authorities and starting operation before 1 January 2036 until the plant no longer uses domestic gas.

If the domestic gas supply is insufficient, the electricity seller and buyer will agree on alternative fuel use and electricity pricing in accordance with the applicable regulations.

Imported LNG

Long-term minimum contracted electricity output must be agreed between the electricity seller and buyer, based on the following principles:

(a) The long-term minimum contracted output must be at least 65% of the plant's multi-year average output.

(b) This applies during the loan repayment period, but no longer than 10 years from the commencement of the project's operation. After that, the contracted output or payment ratio for remaining years will be mutually agreed upon in accordance with the relevant regulations.

The above regulations will apply to the thermal power project that has obtained a completion acceptance certificate and commenced commercial operation before 1 January 2031.

Guidance on Fire Prevention and Firefighting Law

On 15 May 2025, the Government released Decree No. 105/2025/ND-CP, which outlines detailed guidelines for implementing the Law on Fire Prevention, Fighting, and Rescue Operations (“**Decree 105**”). This Decree will come into effect on 1 July 2025.

Decree 105 covers key regulatory areas, including:

(a) provisions in relation to fire prevention, firefighting, and rescue operations;

(b) establishment of forces on fire prevention, firefighting, and rescue operations;

(c) fire prevention, firefighting, and rescue equipment and means;

(d) the database for fire prevention, firefighting, rescue operations, and fire alarm communication;

(e) conditions for fire prevention, firefighting, and rescue activities; and

(f) state management of fire prevention, firefighting, and rescue operations.

Key highlights of Decree 105 include:

Mandatory Fire and Explosion Insurance

Previously, only facilities classified as high-risk of fire and explosion were required to purchase fire and explosion insurance. Decree 105 now provides a detailed list of facilities that must carry this insurance in Appendix VII.

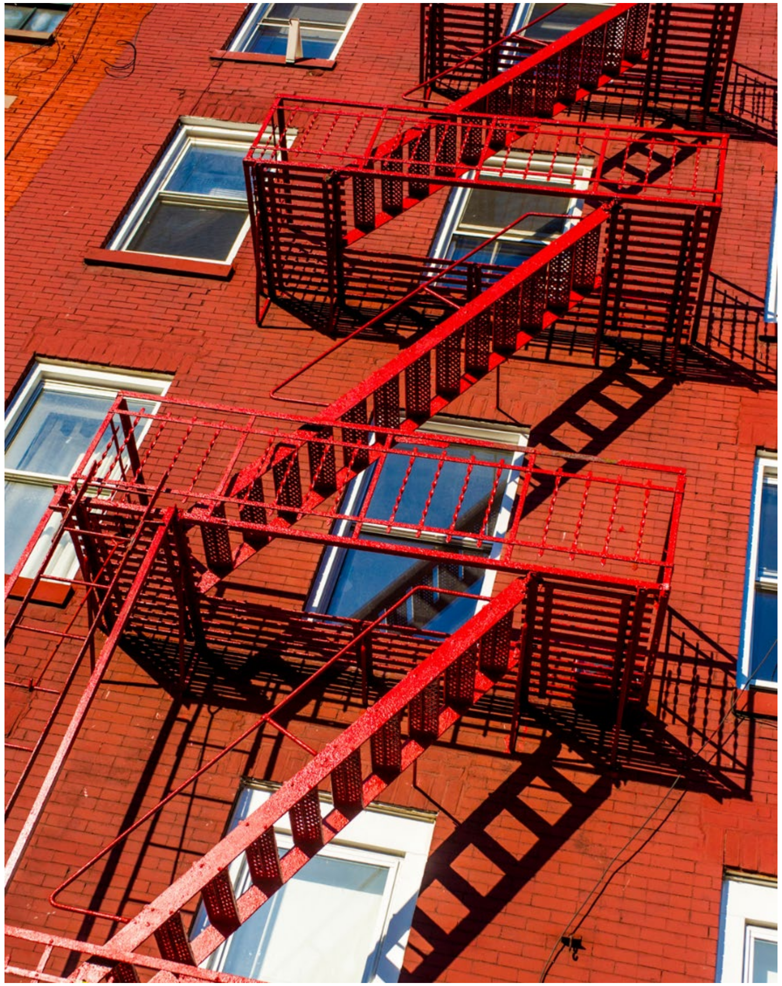
Additionally, insurance providers will no longer be allowed to offer premium discounts of up to 25%, as permitted under Decree No. 67/2023/ND-CP. From 1 July 2025, a standardized premium rate will apply to all applicable facilities, regardless of their risk level or fire safety record.

Fire Safety Reporting Requirements

Facility heads or designated fire safety personnel must conduct regular inspections and submit reports on fire prevention and firefighting activities. These reports must be sent to the commune-level People’s Committee, local police, and relevant authorities by 15 June and 15 December each year.

Facilities deemed hazardous for fire and explosions must report every six months. Other facilities, which fall under fire safety management but are not classified as hazardous, need to report once a year.

All reports must follow the templates provided in Decree 105.



New Administrative Sanctions on Fire Prevention and Fighting and Rescue

On 15 May 2025, the Government issued Decree No. 106/2025/ND-CP on administrative sanctions for regulations on fire prevention and fighting and rescue ("**Decree 106**"). This Decree, on its effective date on 1 July 2025, will remove and replace the administrative sanctions on fire safety specified under Section 3, Chapter II of Decree No. 144/2021/ND-CP dated 31 December 2021 of the Government, detailing administrative sanctions for violations in various sectors, including fire safety sector.

New applicable entities

Under Decree 106, several new applicable entities have been supplemented, including:

(a) Affiliates of cooperatives;

(b) Organisations established under the Law on Commerce;

(c) Governmental agencies;

(d) Management boards of apartments operating under management board model and having legal status; and

(e) Organisations which were directly assigned to manage facilities under the Law on Fire Prevention and Fighting and Rescue 2024.

New supplementary sanction

The Decree introduces a new supplementary sanction: temporary suspension of operations for violations on fire safety, typically violations posing a direct risk of fire or explosion.

Monetary fine increases

Decree 106 raises monetary fines for certain offenses in, among others:

(a) Establishment and management of fire safety and rescue teams: from VND100,000 – 15 million to VND3 – 30 million.

(b) Fire-safety inspection, particularly, failure to present fire-safety documentation or to submit mandatory fire-safety reports: from VND3 – 5 million to VND5 – 10 million.

Methods for Determining and Approving Electricity Generation Pricing

On 13 May 2025, the Ministry of Industry and Trade issued Circular No. 25/2025/TT-BCT amending Article 3 of Circular No. 09/2015/TT-BCT, which governs the dossiers, procedures, and methods for determining and approving electricity generation price frameworks, as well as frameworks for electricity import pricing.

Notably, the Circular introduces region-based pricing frameworks for wind power plants. Onshore and nearshore wind power is now categorized by three regions: North, Central, and South. Offshore wind power is categorized based on three maritime zones, following national marine spatial planning and power planning. Additionally, the Circular establishes criteria for determining regional boundaries used in developing price frameworks for solar power and onshore/nearshore wind power. These criteria are based on socio-economic zoning under national master plan, national power development plan, and policy directions, decisions on merger of provincial-level administrative units.

On 29 April 2025, the State Bank of Vietnam ("**SBV**") issued Circular No. 03/2025/TT-NHNN ("**Circular 03**") on the opening and use of VND-denominated indirect investment accounts of non-resident foreign investors. Circular 03 took effect on 16 June 2025, replaces Circular No. 05/2014/TT-NHNN dated 12 March 2014 ("**Circular 05**"), and amends some provisions of Circular No. 06/2019/TT-NHNN dated 26 June 2019 of the SBV on foreign exchange control over foreign direct investment activities in Vietnam. The notable updates arising from Circular 03 are summarised in the spotlight discussion.

SECTION II. SPOTLIGHT DISCUSSION

New Regulations on Opening and Using Indirect Investment Accounts

Updated account terminology

Under Circular 03, the account used for indirect investment activities in Vietnam will no longer be referred to as an "indirect investment capital account" ("**IICA**"). Henceforth, it will be known as an "indirect investment account" ("**IIA**"), to align with the terminology used in the 2005 Ordinance on Foreign Exchange.

Permissible to open multiple IIAs

As a general rule, a foreign investor is only permitted to open one IIA to conduct transactions related to indirect investment transactions in Vietnam. However, Circular 03 introduces the below exceptions allowing the foreign investor to open multiple IIAs at the same licensed bank:

(a) Foreign securities companies are allowed to open two IIAs, each tied to a different securities trading number, in which:

  (i) one IIA is for securities self-trading activities, and

  (ii) one IIA is for securities brokerage activities.

(b) Foreign investment funds or foreign organisations managed by multiple fund management companies are allowed to open:

  (i) one IIA for each investment portfolio managed by a foreign fund management company (each associated with separate securities trading number), and

  (ii) one IIA for each self-managed investment portfolio having been issued with a separate securities trading number.

(c) Institutions under the foreign government or international financial or investment institutions (to which Vietnam is a member) are allowed to open one IIA for each investment portfolio held at a custodian bank having been issued with a securities trading code.

It is worth noted that Circular 03 explicitly prohibits joint IIAs—accounts held by two or more investors.

Expanded list of permitted transactions via IIA

In addition to transactions permitted under Circular 05, Circular 03 adds the following inflow and outflow transactions that must be made via an IIA:

(a) Receipt of profits and other lawful income from foreign institutional investors' share purchases without pre-funding requirements.

(b) Receipt of deposit or margin payments, refunds of those amounts, related to indirect investment transactions.

(c) Payment of losses and costs from share purchases without pre-funding requirements.

(d) Payment of fees, taxes, penalties, and other costs related to indirect investment.

(e) Transfer of deposits or margins for indirect investments, including transfer to investors' VND-denominated current accounts or offshore remittances.

It should be noted that the balance in the IIA is not permitted to be transferred to term deposits or savings accounts.

Formality requirements for IIA opening documents

Circular 03 is silent on legalisation requirements for foreign-language documents used for opening IIAs to invest in the Vietnamese securities market. Additionally, the submission of the Vietnamese translation of foreign-language documents is optional if:

(a) the authorised banks take responsibility for the content of foreign-language documents; and

(b) a Vietnamese translation must be provided as per request of the competent authority – and in such case, the translation must be either certified by the bank or duly notarised.

Aligned threshold for direct investment capital account (DICA) opening

Circular 03 amends the foreign ownership threshold to DICA under the Circular No. 06/2019/TT-NHNN dated 26 June 2019, to align with the Law on Investment.

Accordingly, the foreign-invested company must open a DICA if the foreign ownership ratio, after completion of relevant M&A transactions, reaches more than 50% of the company's charter capital, while the current threshold for DICA opening is capped at a minimum of 51%.

Circular 03 also provides a 12-month period from the effective date of Circular 03, for foreign-invested companies with foreign ownership of more than 50% (but less than 51%), to open a DICA. During this transitional period, investors in these companies may continue to use the existing indirect investment capital account.

Amendments to Regulations on Foreign Indirect Investment in Vietnam's Securities Market

On 5 May 2025, the Ministry of Finance issued Circular No. 20/2025/TT-BTC, amending and supplementing several provisions of Circular No. 51/2021/TT-BTC, which provides guidance on the obligations of organizations and individuals involved in foreign investment activities in relation to Vietnam's securities market.

This new Circular clarifies that only foreign investors who are required to open indirect investment capital accounts ("**IICAs**") under the applicable laws on foreign exchange management are required to open IICAs for the purposes of engaging in securities trading activities in Vietnam.

All reporting obligations in connection with IICAs as they relate to securities trading activities are now to be performed by electronic means.

About Asia Counsel

Asia Counsel is a well-established and highly regarded law firm with more than 20 Vietnamese and foreign lawyers, including three partners, based in Ho Chi Minh City, Vietnam's centre of enterprise. The firm has built an excellent reputation over a decade of on-the-ground experience and excellence. It assists multinational corporations, UK, US, European, Japanese, Chinese and other Asia-Pacific law firms, as well as global, regional and local investment funds, venture capital funds, private equity investors and financial institutions. It also serves an array of high-profile Vietnamese corporations with their full business lifecycle in Vietnam — from market entry and M&A to daily operations and regional expansion.

If you have any questions on any of the items discussed above, please do not hesitate to contact us.

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