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REGIONAL ROUND-UP 2023: VIETNAM



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CONTENTS

Introduction	3
Looking Back: 2023	4
Gazing Into: 2024	7
Key Contacts	8
Regional Contacts	9
Disclaimer	10

Introduction



Throughout the year, we have been keeping you up to date on noteworthy developments across the region with our Regional Round-up Publications. As we enter 2024, we are pleased to share with you our *2023 year-in-review of the Regional Round-up* for our Regional Offices in the Rajah & Tann Asia network.

In each jurisdiction, we recount the key milestones in the path that has been travelled in 2023, as well as consider the terrain of the road that lies ahead in 2024. In the "**Looking Back: 2023**" section, we take stock of the past year and highlight the key legal and regulatory developments affecting each jurisdiction in 2023. In the "**Gazing Into: 2024**" section, we look ahead to some key areas of development that you should take note of in the year to come, referencing the legal and business trends shaping up potential legislative and regulatory changes in each jurisdiction.

We hope that this year-in-review edition of the Regional Round-up provide some perspective and insight into the legal landscape of the jurisdictions across the region. As always, please feel free to contact our lawyers in our Regional Offices if you have any queries or for further discussions.

Please click on the links below to access the full collection of our country-specific *2023 year-in-review of the Regional Round-up*:

- [Cambodia](#)
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- [Myanmar](#)
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- [Thailand](#)
- [Vietnam](#)

Looking Back: 2023

2023 was a year that saw Vietnam weather a challenging global economic climate, and had its resilience tested since the economic impact from the COVID-19 pandemic. Domestic companies faced difficulties accessing capital, while those in the manufacturing sector (including textiles/garments and electronics) faced another year of turmoil as production orders remained stagnant. Despite these challenges, **foreign direct investment ("FDI") inflows remained strong** – a testament that foreign investors remain optimistic of the country's growth potential.

Significant moves were witnessed in the energy sector, as the long-awaited **National Power Development Plan VIII** was finally announced.



Together with new policies on electricity pricing (e.g. feed-in tariffs for solar and wind projects) set out in **Circular 19/2023/TT-BCT**. These developments provided certainty to investors in the energy sector.

Woes in the **real estate sector** continued in 2023, as a spillover from Vietnam's long-running anti-graft campaigns against major real estate players (among the most notable being the Van Thinh Phat group). It has also seen developers and other stakeholders face credit crunches, including major players such as No Va Land, Hung Thinh Group and Sun Group. Despite the challenges, reforms to Vietnam's real estate laws were put in motion in 2023, including the **Law on Real Estate Business**, the **Law on Housing**, and the **Law on Land**, which will be instrumental to provide clarity for existing and prospective real estate players. However, investors will need to wait until 2025 (when the laws take effect) to feel the full impact of these developments.

In the digital economy space, the **Decree on Personal Data Protection** was passed and came into effect in 2023. This decree represents the country's first unified regulation on personal data protection. Other instrumental developments include the passing of the **Law on Telecommunications**, the **Law on Electronic Transactions** and the **Law on Consumer Rights Protection** – the latter of which made clear the Government's objectives in ensuring consumers are protected in the online environment (particularly in e-commerce).

Transactions in the healthcare and pharmaceutical space also flourished in 2023, with the year seeing a spate of investments in hospitals, laboratories and clinics. The new **Law on Medical Examination and Treatment** was also passed in 2023.

Summaries of the key developments relating to the above areas are provided below.

Energy & Resources – Power Development Plan VIII

On 15 May 2023, the Prime Minister of Vietnam issued Decision No. 500/QĐ-TTg approving the national power development plan for the period between 2021 and 2030, and setting out the vision for 2050 ("**PDP VIII**"). PDP VIII took effect from the issuing date and serves as the national master plan for the development for the energy sector and country's economy in general. PDP VIII primarily sets out issues in relation to green energy transition, clean energy, reducing CO2 emitting power sources, while aiming for a total power capacity to remain at about 400,000 MW. Click [here](#) for more information.

Energy & Resources – Circular 19/2023/TT-BCT on New Pricing Mechanisms for Solar and Wind

On 1 November 2023, the Ministry of Industry and Trade passed Circular 19/2023/TT-BCT ("**Circular**") to set out new price mechanisms for new solar and wind power projects. Notably, unlike the previous pricing mechanisms applied to existing projects, the pricing for new projects will be denominated in Vietnamese Dong, and will also be subject to an annual adjustment mechanism. Furthermore, for solar power plants, the Circular introduces a mechanism in which prices will vary according to radiation intensity across different regions of Vietnam. This is as opposed to having a uniform, national pricing mechanism.

Healthcare – Law on Medical and Examination and Treatment

On 9 January 2023, the National Assembly passed the Law on Medical Examination and Treatment No. 15/2023/QH15, that replaced the existing 2009 law on the subject. The new law introduces certain significant changes to the provision of healthcare services, including language requirements for medical examination, treatment services and further regulations on telemedicine. Click [here](#) for more information.

Consumer Protection – Law on Protection of Consumer Rights

On 20 June 2023, the National Assembly passed the Law on the Protection of Consumer Rights ("**LPCR**"). The LPCR will take effect from 1 July 2024, and replace the current Law on the Protection of Consumer Rights that was enacted in 2010. The LPCR is a considerable revamp from the existing law, as it provides protection in the digital environment. The LCPR expands protection for consumers that transact online (including through "intermediary digital platforms") as well as provides safeguards for consumer information. Other noteworthy key points include the expanded roles of "social organisations", improved mechanisms for resolving consumer disputes, and more detailed product recall procedures. Click [here](#) for more information.

Technology, Media & Telecommunications – Decree on Personal Data Protection

On 17 April 2023, the Government passed Decree 13/2023/ND-CP on personal data protection ("**PDP Decree**"). The PDP Decree took effect from 1 July 2023. The PDP Decree represents the first consolidated piece of data protection regulation in Vietnam, and introduces significant changes to the existing (fragmented) regulatory environment for data protection in the country. It is modelled after the European General Data Protection Regulation ("**GDPR**") to a significant degree, such that many of the concepts found in the GDPR have also made their way into the PDP Decree. Click [here](#) for more information.

Technology, Media & Telecommunications – Law on Telecommunications

On 24 November 2023, the National Assembly approved and passed the new Law on Telecommunications. It will take effect from 1 July 2024, except for certain regulations on the provision of basic telecommunications services on the internet, data centre services and cloud computing services, which will take effect from 1 January 2025.

The new law is the first piece of legislation that definitively regulates data centre services and cloud computing services, capturing them within the scope of a telecommunications service. Similarly, the law also regulates "basic telecommunications services on the internet", which generally capture a broad spectrum of over-the-top communication services. It will also overhaul

Vietnam's current licensing framework in the sector, but will set out different models of licensing according to the services provided, including private licensing, group licensing, registration, and notification. Click [here](#) more information.

Technology, Media & Telecommunications – Law on Electronic Transactions

On 22 June 2023, the National Assembly passed the Law on Electronic Transactions No. 20/2023/QH15 dated 22 June 2023 ("**LOET**"). The LOET will replace the current Law on Electronic Transactions that was enacted in 2005, and will take effect from 1 July 2024. The LOET provides more detailed guidance on the use of electronic signatures, and introduces the classification of these signatures based on their use or purpose. It also sets out the requirements for recognising foreign e-signatures. It is noteworthy that the LOET introduces regulations on "information systems serving electronic transactions", which include digital platforms that serve electronic transactions. These regulations cover the imposition of obligations and the responsibilities of the administrators of these systems (e.g. annual reporting). Click [here](#) for more information.

Gazing Into: 2024

In 2024, investors in real estate and technology sectors may benefit from legal developments which may give a boost to investors' confidence. On the other hand, tax changes affecting multinational companies may dampen foreign investors' interests and some uncertainties may arise from legal and/or regulatory changes expected in the energy and banking sectors. Further, industry players in financial technology and digital payments look forward to the long-awaited legal developments in these areas.

While many of the new real estate laws (i.e. **Law on Real Estate Business**, **Law on Housing** and **Law on Land**) will come into force from 1 January 2025, the impact of these new laws may be felt as early as 2024, particularly in bolstering investor confidence and warming up the real estate market.



In the **energy sector**, the new pricing mechanism brought about by Circular 19/2023/TT-BCT is expected to raise uncertainties for new project investors, particularly in forecasting investment returns. Tightened inspection efforts of existing energy projects, as well as recent high-profile arrests of officials in the space (including those involved in the Project National Power Development Plan VII) are likely to be causes of concern for existing project developers.

Meanwhile, Vietnam's introduction of a top-up tax to align with the Organization for Economic Cooperation and Development's (OECD) **Global Minimum Tax** will take effect in 2024 and certain multinational companies will be required to pay a minimum income tax rate of 15%. The impact of this top-up tax on Vietnam's long-standing ability to draw in FDI inflows remains to be seen.

In the technology space, the **Law on Telecommunications**, which now lays down a clearer legal framework for data centre, cloud computing and over-the-top internet services, is expected to raise investor interest in these fields. The relaxation of foreign investment restrictions in the **online gaming** space (under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)) could encourage entrants in this field. However, overly restrictive regulations surrounding **internet services** and **online content** (particularly, the proposed amendments to Decree 72/2013/ND-CP) could potentially dampen the drive for business in this field.

The **Law on Credit Institutions** will be the subject of reforms, and such reforms could shake up the banking sector in 2024. These include tightened regulations on shareholding and organisation of credit institutions.

Prospective investors are hopeful that regulations surrounding **financial technology ("FinTech")** will be passed, and we anticipate movement on the long-standing draft sandbox scheme for FinTech to provide a legal framework for FinTech companies.

It is to be noted that regulations surrounding non-cash payments are still absent, and reforms to the existing decree on non-cash payments may resurface in 2024.

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