

The Andersen logo features a stylized white wing above the word "ANDERSEN" in a white, serif, all-caps font. The background of the entire cover is a satellite image of Earth at night, showing the illuminated landmasses of Asia and Australia against the dark blue of the oceans and the blackness of space.

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# VIETNAM

## Legal and Tax Digest

March 2025

**Highlights of the issue:**

- Beneficial owners' disclosure requirements in the draft new Law on Enterprises
- New energy regulations in Vietnam, including on Direct PPA mechanism (DPPA).

## Energy

*Decree No. 57/2025/ND-CP issued by the Government of Vietnam on March 3, 2025 on “The Mechanism for Direct Power Purchase Agreements (“DPPAs”) between Renewable Energy Generators and Large Electricity Consumers”*

The decree introduces changes to regulations on the DPPA mechanism, as provided below.

### **Expansion of participants in the DPPA mechanism**

- Inclusion of additional large electricity consumers: Large electricity consumers serving electric vehicle charging businesses are now eligible to participate in the DPPA mechanism, alongside the previously eligible consumers serving production purposes.
- Removal of electricity volume and voltage requirements: The requirement for retail electricity units in authorized models (zones/clusters) to purchase at least 200,000 kWh/month and connect to a voltage level of 22kV or higher has been removed.

### **More flexible definition and criteria for large electricity consumers**

Flexible definitions: The previous decree specifically defined large electricity consumers as those with an average consumption of 200,000 kWh/month or more. Under the new decree, large electricity consumers are defined as those with high power and electricity consumption levels, as regulated by the Minister of Industry and Trade, adapting to the development stages of the power system. This allows for more flexibility, enabling future adjustments through lower-level legal documents.

Currently, Circular No. 16/2025/TT-BCT issued on February 1, 2025 matches the previous decree, defining large electricity consumers as those consuming 200,000 kWh/month or more.

### **New cap on electricity purchase price**

A new provision limits the electricity purchase price under the DPPA mechanism, ensuring it does not exceed the maximum price of the generation price framework for the corresponding power source type. This restriction was absent in previous regulations.

### **Restriction on the sale of excess electricity from rooftop solar power**

Renewable energy generators with rooftop solar power systems may only sell up to 20% of their actual generated electricity surplus to EVN, power corporations, or power companies.

### **New features of the DPPA mechanism via the national grid**

- Contractual flexibility: Previously, all contract terms were required to follow fixed templates. New provisions permit the inclusion of additional terms in power purchase agreements (“PPAs”) between renewable energy generators and:
  - ☞ EVN
  - ☞ Large electricity consumers/authorized retail electricity units in zones/clusters with power corporations or power companies



- ☞ Renewable energy generators and large electricity consumers/authorized retail electricity units in zones/clusters.
- Expansion of electricity sellers: Electricity sellers to large consumers now include authorized and delegated entities of power corporations and power companies, in addition to power corporations, as previously stipulated.
- Percentage allocation limitation: A new requirement mandates that the total percentage of electricity output allocated by renewable energy generators to large consumers or authorized retail electricity units in zones/clusters must not exceed 100%.

### **Alignment with the 2024 Electricity Law**

These revisions have been introduced to align with changes introduced in the 2024 Electricity Law that was issued on November 30, 2024 and became effective on February 1, 2025.

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*Decree No. 56/2025/ND-CP issued by the Government of Vietnam on March 3, 2025  
“Detailing Certain Provisions of the Electricity Law on Power Development Planning, Electricity Supply Network Development Plans, Investment in Power Projects, and Bidding for Selecting Investors in Electricity Business Projects”*

The decree covers details on the following areas:

#### **Power development planning**

- Specifies the criteria for projects to be included in national or local power development plans.
- Excludes the following:
  - ☞ Grid-connected systems at 1 kV or lower.
  - ☞ Off-grid systems for internal use (e.g. factories, farms, households).
  - ☞ Grid-connected systems not selling electricity to the national grid (e.g. rooftop solar, behind-the-meter storage systems).
- Requires that projects selling electricity to the grid comply with the relevant plans, regardless of scale.

#### **Gas-powered electricity projects**

Provisions for gas-powered projects are as follows:

- Introduction of:
  - ☞ A mechanism for transferring fuel costs in PPAs to ensure cost recovery.
  - ☞ Mandatory long-term electricity purchase obligations to enhance financial viability.
- Fuel cost recovery:
  - ☞ Applies to liquefied natural gas (“LNG”) projects initiated before January 1, 2031 and domestic gas projects initiated before January 1, 2036.
  - ☞ Fuel prices are calculated using a weighted average to reflect actual costs.

- ✎ LNG infrastructure costs (e.g. ports, pipelines) are included in electricity prices but not duplicated in fuel costs.
- Long-term purchases:
  - ✎ Domestic gas projects: Electricity buyers (e.g. EVN) must optimize plant dispatch based on gas supply.
  - ✎ LNG projects: Guarantee a minimum of 65% of average annual production in the first 10 years to repay loans; subsequent terms are subject to negotiation.

### **Investor selection and bidding**

- Applies to projects within power plans or with multiple interested investors.
- Includes renewable energy, thermal power, LNG, and independent grid infrastructure.
- The bidding process is carried out in two phases:
  - ✎ Phase 1: Approval of bidding policies (by the Ministry of Industry and Trade or local authorities) that detail project specifics and electricity buyers.
  - ✎ Phase 2: Conducting of public bidding under procurement laws, specifying criteria, price caps, land use, and timelines.
- Rights and obligations of investors:
  - ✎ Rights: To submit applications for investment certification and enterprise registration, and negotiate PPAs.
  - ✎ Obligations: To comply with environmental regulations, land clearance, and project schedules.
- Emergency cases:
  - ✎ Simplified procedures for urgent projects (e.g. replacing delayed projects, addressing power shortages, or meeting defense/security needs).

### **Additional notes**

Just over two weeks after issuance of this decree, the Ministry of Industry and Trade proposed amendments to address challenges faced by gas-powered electricity projects.

- LNG projects such as Nhon Trach 3 & 4 (1,624MW) and Hiep Phuoc Phase 1 (1,200MW) are under construction and expected to begin operations in 2025. Other energy sources (e.g. LNG, pumped hydro, offshore wind) for the 2026–2030 period is currently delayed.
- The ministry proposed limiting LNG power development after 2035, transitioning to hydrogen use within 10 years of operation, aiming for most gas-powered plants to utilize hydrogen by 2050:
  - ✎ Total LNG capacity is capped at 22,524MW by 2030. Between 2032–2035, additional projects such as Long Son and Long An II will be added.
  - ✎ By 2050, the roadmap includes:
    - LNG co-fired with hydrogen (18,200–26,123MW)

- Full conversion to hydrogen (8,576–11,325MW)
- LNG with carbon capture and storage technology (1,887–2,269MW)
- The ministry also proposed developing LNG power clusters in the North (7,900MW) at Quang Ninh, Thai Binh, Thanh Hoa, and Nghe An to optimize centralized LNG port infrastructure and reduce costs. LNG port locations will be studied under the National Energy Master Plan.

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*Decree No. 58/2025/ND-CP issued by the Government of Vietnam on March 3, 2025  
“Detailing Provisions of the Electricity Law on the Development of Renewable and New Energy Electricity”*

This decree will affect organizations and entities investing in and producing renewable energy electricity, new energy electricity, offshore wind power, and self-produced and self-consumed electricity.

Currently, there are no existing regulations specifically addressing the development of renewable and new energy electricity. This decree establishes a legal framework and preferential policies for these electricity projects. (Previously, there was a decree providing policy mechanisms encouraging the development of rooftop solar electricity for self-production and self-consumption, issued on October 22, 2024, which expired on March 3, 2025.) The key highlights are as follows:

#### **Incentives for new energy electricity projects**

- **Exemption from marine area usage fees** during the construction phase, but not exceeding three years from the date construction commences. A 50% reduction in marine area usage fees applies for nine years following the exemption period.
- **Exemption from land use and lease fees** during the construction phase, but not exceeding three years from the date construction commences.
- **A minimum long-term contracted electricity output** of 70% during the loan repayment period, but not exceeding 12 years, unless otherwise agreed upon by the investor and electricity purchaser.

#### **Reporting obligations**

Owners of renewable and new energy power plants must measure parameters such as wind direction and average wind speed (for wind power plants), or total sunshine hours and solar radiation density (for solar power plants), and record weekly electricity output at the plant. Reports must be submitted to the provincial Department of Industry and Trade by January 15 each year.

#### **Regulations on selling excess electricity for self-produced and self-consumed systems**

When selling excess electricity to the national grid, entities owning self-produced and self-consumed electricity systems may sell up to 10% of their actual generated electricity output. Rooftop solar systems may sell up to 20% of their generated electricity output.

### Notification requirements

- **Non-grid-connected electricity sources:** Must notify the provincial Department of Industry and Trade and the local power utility about the source name, type, capacity, purpose, location, and implementation timeline.
- **Grid-connected rooftop solar electricity (<100kW, household systems):** Must notify the provincial Department of Industry and Trade, the local power utility, the construction management authority, and the fire prevention and control agency using Form 01.
- **Grid-connected rooftop solar electricity (<1,000kW, non-excess-selling systems):** Must notify the same agencies as above using Form 02.

### Registration for development certification

Applicable cases:

- Rooftop solar electricity  $\geq 1,000\text{kW}$ .
- Rooftop solar electricity  $< 1,000\text{kW}$ , not selling excess electricity but seeking certification.
- Rooftop solar electricity  $< 1,000\text{kW}$ , selling excess electricity (except households  $< 100\text{kW}$  and exempt cases).

Applications must be submitted to the provincial Department of Industry and Trade and include Form 03, design drawings, and construction/fire safety/environmental documents (if applicable).

### Incentive policies for offshore wind power projects

Eligibility:

- Projects approved or granted investment policy decisions before January 1, 2031.
- For projects supplying electricity to the national grid, capacity must fall within 6,000MW as approved in the power development plan.

Incentives:

- **Exemption from marine area usage fees** during the construction phase, but not exceeding three years from the date construction commences. A 50% reduction in marine area usage fees applies for 12 years following the exemption period.
- **Exemption from land use and lease fees** during the construction phase, but not exceeding three years from the date construction commences.
- **A minimum long-term contracted electricity output** of 80% during the loan repayment period, but not exceeding 15 years for projects selling electricity to the national grid, unless otherwise agreed upon by the investor and electricity purchaser.

### Investor conditions

Investors in offshore wind power projects must meet the following requirements:

- Experience in developing at least one offshore wind power project.
- A minimum equity contribution of 15% of the project's total investment value.
- A minimum equity-to-total project investment ratio of 20%.

For foreign investors or organizations with foreign investment capital: Additional conditions include:

- Participation of domestic enterprises holding at least 5% of the charter capital or voting shares in the project-executing entity.
- Written approval from the Ministry of National Defense, the Ministry of Public Security, and the Ministry of Foreign Affairs.
- Commitment to using domestic suppliers for workforce, goods, and services.

## Commerce

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### *Draft Law on Enterprises*

#### **Introduction of regulations on beneficial ownership**

The draft law establishes a legal framework for beneficial ownership to align with Vietnam's commitments on anti-money laundering, countering the financing of terrorism, and countering the proliferation of weapons of mass destruction.

#### **Background and international compliance**

In 2007, Vietnam joined the Asia/Pacific Group on Money Laundering and underwent evaluations based on the Financial Action Task Force standards. From March 2022 to March 2023, Vietnam attempted to address deficiencies in its anti-money laundering framework but failed to meet requirements. As a result, on June 30, 2023, the Financial Action Task Force placed Vietnam on the Grey List, mandating improvements in the legal framework and the enforcement of violations related to beneficial ownership information.

- The consequences of being grey-listed include reduced foreign direct investment (~7.6% of GDP), increased financial transaction costs, and a risk of being added to the Black List.
- The World Bank ranked Vietnam 29<sup>th</sup> out of 50 in its Market Entry Index (October 2024), citing the absence of beneficial ownership regulations.

#### **Need for revision**

Based on the above, there was a need for a review and amendment of the Law on Enterprises to foster a favorable business environment and ensure compliance with Vietnam's international commitments under the 2021–2025 Anti-Money Laundering Strategy.

#### **Definition of beneficial ownership**

In the draft law, a beneficial owner of a legal entity is defined as an individual who meets one or more of the following criteria:

- Directly or indirectly holds 25% or more of the charter capital.
- Directly or indirectly receives more than 25% of dividends or profits.
- Ultimately exercises control over the enterprise.

### **Definition of control**

Control over an entity is defined as an individual, organization, or group that:

- Owns more than 50% of the charter capital or common shares.
- Has the authority to directly or indirectly appoint, dismiss, or remove the majority or all members of the board of directors, the chairperson of the members' council, or the general director.
- Has the authority to amend the company charter.
- Has the authority to decide on significant business operations as specified in the charter.

### **Indirect ownership**

Indirect ownership occurs when an individual or organization owns shares or capital through other entities in which they hold more than 50% of the charter capital.

### **Additional requirements**

- Entities are required to collect, update, and store information on beneficial owners.
- Legal representatives of entities must notify and provide information on beneficial ownership.
- Beneficial owners must fulfill specific responsibilities regarding entity obligations.

### **Flexibility for advancing science and technology**

The draft law allows public officials and managers at public science and technology organizations or public universities to contribute capital, manage, or work at entities established to commercialize research outcomes with the approval of their organizational leaders.

### **Amendment to streamline regulations**

In line with Directive No. 119-KL/TW and prior assessments by the Ministry of Justice, the draft law has been structured to:

- Focus on regulatory principles.
- Leave detailed procedures to government decrees.

### **Revisions to corporate governance provisions**

Several provisions related to corporate governance have been amended for clarity and practicality:

- **Capital transfer in multi-member LLCs (Article 52.1.a):** Clarifies the term “relatives” to avoid misinterpretations.
- **Convening members' council meetings (Article 57):** Specifies procedures for convening and organizing meetings, including simplified processes for special cases.
- **Reduction of charter capital in joint stock companies (Article 112.5.a):** Amends regulations to address difficulties faced by inactive companies or those returning capital to preferred shareholders.



- **Shareholders' rights and responsibilities (Article 115.4):** Clarifies shareholder/group obligations to provide accurate information when convening general shareholders' meetings.
- **Private bond issuance:** Revises provisions to align with securities laws and protect investors.
- **Supervisory Board responsibilities (Article 170.3):** Removes the requirement for semi-annual financial report reviews to reduce the administrative burden, as annual reports already cover the necessary details.

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*Decree No. 70/2025/ND-CP issued by the Government of Vietnam on March 20, 2025  
"Amending and Supplementing Certain Provisions of Decree No. 123/2020/ND-CP  
dated October 19, 2020 on Invoices and Documents"*

### **Expansion of applicable entities**

The decree adds to the scope foreign suppliers engaged in e-commerce, digital platforms, and other services without a permanent establishment in Vietnam who voluntarily register to use e-invoices.

### **New provisions on principles for issuing and using invoices**

- **Integration of tax and fee receipts:** Allows for the integration of tax, fee, and charge receipts with e-invoices in a unified format, ensuring standardized content and format. Parties must agree and notify the tax authority using Form 01/DKTD-HĐĐT.
- **Encouragement of invoice retrieval:** Utilizes the invoice database for programs like lucky invoices and frequent customer rewards.

### **Clarification of prohibited acts**

- Forging invoices or documents for illegal purposes is prohibited.
- Failing to transfer electronic data to the tax authorities as required is prohibited.

### **Supplementary regulations on invoice use**

- **Foreign suppliers:** Permitted to use VAT invoices for e-commerce and digital platform business activities.
- **Export processing enterprises:**
  - ☞ **Direct method:** Use direct invoices.
  - ☞ **Deduction method:** Use deduction invoices.
- **E-commerce invoices:** Applicable for exporting goods and services abroad, provided electronic data transfer conditions are met. Otherwise, VAT or retail e-invoices must be used.

### **Invoices for public asset sales**

There are comprehensive rules though they do not list specific types of assets.

### **Additional regulations on timing of invoice issuance**

- For exported goods: Invoices must be issued no later than the next working day after customs clearance.
- For specific services (e.g. health insurance, lottery, casinos): Additional regulations apply.

### **New rules for sending invoices from POS systems**

- **Eligible entities:** Individual businesses with annual revenue of at least VND1 billion, retail businesses, supermarkets, restaurants, hotels, passenger transportation, and entertainment services.
- **Invoice content:** Must include seller and buyer information (if requested), goods details, taxes, date of issuance, tax authority codes, or traceable data.
- **Methods for sending invoices:** Via SMS, email, QR codes, or accessible URLs.

### **Elimination of invoice cancellation requirement**

- Replaces cancellation with adjustment or replacement of incorrect invoices.
- Detailed rules for adjustments/replacements include:
  - ✎ Issuance of one invoice for multiple erroneous invoices within the same month.
  - ✎ Prior agreement with business buyers.
  - ✎ Notification to individuals via the company website (if applicable).
  - ✎ Positive (increase) or negative (decrease) value markings.
  - ✎ Continued use of the selected method for any new errors.

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*Resolution No. 66/NQ-CP issued by the Government of Vietnam on March 26, 2025 on the “**Program for Reducing and Simplifying Administrative Procedures Related to Production and Business Activities in 2025 and 2026**”*

This resolution lays out goals for simplifying administrative procedures for production and business activities. Key highlights are set out below.

### **Goals by 2025**

- Reduce at least 30% of unnecessary business investment conditions, and reduce by 30% the administrative procedure processing time and compliance costs.
- Ensure 100% of business-related administrative procedures are conducted online, minimizing paperwork.
- Fully implement 100% of the decentralization plans under Decision No. 1015/QD-TTg by August 30, 2025.
- Review and simplify 100% of internal administrative procedures to align with organizational restructuring, to be completed by December 31, 2025.

### **Goals by 2026**

- Eliminate 100% of unnecessary, conflicting, or unclear business investment conditions.
- Reduce the administrative procedure processing time and compliance costs by 50% compared to 2024 levels.

- Manage 100% of internal administrative procedures electronically.
- Ensure all information and documents need to be provided only once to administrative agencies.

#### **Key tasks and solutions with deadlines**

- **Review and compile a list of administrative procedures**
  - ☞ Examine legal documents to list the time and costs of complying with administrative procedures.
  - ☞ Deadline: By April 30, 2025.
- **Reduce and simplify administrative procedures through technology**
  - ☞ Apply technology and reuse digitized data in national databases.
  - ☞ Deadlines: Submit the 2025 plan by June 30, 2025 and the 2026 plan by June 30, 2026.
- **Reorganize and streamline organizational structures**
  - ☞ Review and propose procedures for reduction in cases of agency mergers or consolidation.
  - ☞ Deadline: By December 31, 2025.
- **Decentralize and delegate administrative procedures**
  - ☞ Implement decentralization under Decision No. 1015/QĐ-TTg.
  - ☞ Deadline: By September 30, 2025.
- **Eliminate unreasonable business investment conditions**
  - ☞ Abolish conflicting, ambiguous, or non-specific conditions.
  - ☞ Deadlines: Finalize the 2025 plan by June 30, 2025; the 2026 plan by June 30, 2026.
- **Transfer licensing procedures to businesses or social organizations**
  - ☞ Review and transfer procedures such as training, examination, and testing.
  - ☞ Deadlines: Finalize the 2025 plan by June 30, 2025 and the 2026 plan by June 30, 2026.
- **Publish and simplify internal administrative procedures**
  - ☞ Fully publish internal procedures on the National Administrative Procedure Database.
  - ☞ Deadline: By April 30, 2025.
- **Complete plans for reducing internal administrative procedures**
  - ☞ Implement decentralization and simplification of internal procedures among agencies.
  - ☞ Deadlines: Finalize the 2025 plan by June 30, 2025 and the 2026 plan by June 30, 2026.