



LEGAL UPDATE

June 2024

VIETNAM'S NEW LAND LAW 2024

The National Assembly of Vietnam has recently ratified the comprehensive revisions to the national land legislation and adopted the new Land Law No. 31/2024/QH15 (“**New Law**”) which will supersede the existing Land Law No. 45/2013/QH13 (“**Current Law**”).

This New Law has initially been scheduled to become effective on 1 January 2025, except that Articles governing the land reclamation and certain modifications to the Law on Forestry are set to be implemented on 1 April 2024, and the making of and approval to the master plan on land use still follows the current regulations until those regulations are expired. However, the New Law may be put into effect earlier, i.e. on 1 July 2024 as proposed by the State authority if such proposal is adopted by the National Assembly during its underway meeting.

The New Law represents a significant overhaul of the land use regime in Vietnam and is expected to better align with the current practices and economic realities.

Below, we discuss some notable changes introduced by the New Law.

Land Pricing Mechanism: Abolishing the Five-Year Land Price Bracket

The New Law eliminates the five-year land price bracket system previously set by the Government and empowers the provincial People’s Committees

to establish and the People’s Council to approve the annual land price table which will serve as basis for determining e.g., the land use price, the land rental, or administrative fines. The annual land price table will be announced and applied from 1 January every year. The initial land price table will be published and applied from 1 January 2026. It is essential to highlight that the local authorities may amend the land price table any time in a year in case of necessity.

Nevertheless, the New Law allows the annual land rental to be adjusted every five (5) years since the date the State permits the land lease. The annual land rental applicable in the next 5-year period will be determined based on the land price table of the relevant year. Any adjustment shall not exceed the ratio as announced by the Government from time to time.



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Official Recognition of Mix Land Use

Mixed-used development is no longer a new concept in Vietnam. Many developments nowadays comprise office, hotel, retail, serviced apartment, school and even hospital components, which offer everything required for a balanced life in one location; or the agrivoltaics model, the dual use of land for solar energy production and agriculture, allows solar farms to coexist with farming, offering farmers benefits by maximizing the utility of non-productive land.

In order to align with such current practices, the New Law has officially recognized the mix land use for certain types of land.

For example:

- The agricultural land may be permitted to additionally use for commercial, services, livestock and cultivation of medicinal plants purposes.
- The residential land may be additionally used for agricultural, commercial, services, and construction of non-business facilities for commercial purposes.
- Certain types of agricultural land and non-agricultural land may be additionally used for advertisement or solar energy.

It is essential to highlight that such mix land use must be approved by the competent authorities. In addition, such mix land use shall not cause change of the original land type and it is still able to revert to the main land use purpose. It is also not allowed to cause any impact to the national defense, the ecosystem and landscape, and the use of neighbouring land areas by neighbours. Land users may also fulfil all financial obligations, if any, as required by laws.



Land Dispute Settlement

Under the New Law, the courts of Vietnam may no longer have exclusive jurisdiction over certain types of disputes. Instead, the parties involved may, at their discretion, submit the disputes arising from commercial activities in relation to land to the courts or the Vietnam Commercial Arbitration for resolution. The arbitral awards may then serve as a basis for verification of the land user/ the ability to transfer, lease, sublease, mortgage land use right or contribute capital in the form of land use right; registration of changes in relation to right to use land and own assets on land; or issuance of certificates of land use right and building title. During the arbitration process, the relevant People's Committees will provide documents in relation to managing and using land as required by the Vietnam Commercial Arbitration for the purpose of resolving disputes.

This extension expands the available avenues for resolving commercial land-related disputes, providing investors with greater flexibility beyond conventional court processes. However, it is important to note that foreign investors cannot refer such disputes to foreign arbitral tribunals under this new framework.

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