

# Vietnam Investment Law Update: Foreign Investors Can Now Establish Companies Before IRC

## Alitium

### Ho Chi Minh City

Level 5, L'Mak Signature Building  
147 Hai Ba Trung  
Xuan Hoa Ward (District 3)  
Ho Chi Minh City, Vietnam

### Hanoi

51 Phan Boi Chau  
Cua Nam Ward (Hoan Kiem)  
Hanoi, Vietnam

P: +84 (28) 3535 6460  
E: vietnam@alitium.com

## Contact

### Phuong Vo

Managing Partner  
[phuong.vo@alitium.com](mailto:phuong.vo@alitium.com)

### Phung Nguyen

Accounting & Tax Partner  
[phung.nguyen@alitium.com](mailto:phung.nguyen@alitium.com)

### Matthew Lourey

Chairman  
[mlourey@alitium.com](mailto:mlourey@alitium.com)

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## Update: Foreign Investors Can Now Establish Companies in Vietnam Before Obtaining IRC Under Amended Investment Law

Vietnam's National Assembly has officially passed the Law on Investment (Amendment) 2025, introducing procedural reforms that affect how foreign investors enter and operate in Vietnamese. One of the most foreign investor-friendly changes is the ability for foreign investors to establish an economic organisation (ie, a company) to implement an investment project before completing procedures for the issuance or adjustment of an Investment Registration Certificate (IRC).

Under the previous framework, foreign investors were typically required to secure an IRC before incorporating an entity that would carry out the investment project. The amended Law removes this sequencing requirement, provided the investor satisfies the relevant market access conditions for foreign investors under Article 8 of the amended Law.

This change aligns Vietnam's investment regime more closely with international best practice and responds to long-standing calls for simplification of administrative procedures. It is expected to accelerate market entry, reduce administrative burden, and improve overall competitiveness for foreign capital entering Vietnam.

## Key Implications for Foreign Investors

### 1. Faster Entity Formation and Market Entry

Under the new rules, a foreign investor can incorporate an economic organisation (company) before obtaining or adjusting the IRC, provided it meets applicable market access conditions specified in Article 8 of the amended Law (e.g. foreign ownership caps, investment forms and restricted sectors).

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# Forming Company Before Obtaining IRC

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This has several practical implications:

- The Enterprise Registration Division (People's Committee/Business Registration Authority) will review and confirm compliance with market access conditions at the time of enterprise registration rather than requiring separate review by the Foreign Investment Registration Office or Industrial Zone Management Board.
- This structural realignment may reduce administrative timelines significantly, with enterprise registration often processed within three (3) working days under the Law on Enterprises, which is a notable improvement compared to the historical 10-day timeline under the Law on Investment.  
(Note: specific timelines will be detailed in forthcoming implementing decrees and circulars.)

## 2. Bank Account Opening and Capital Contribution Flexibility

With the ability to establish the business organisation first, foreign investors may be able to open a Direct Investment Capital Account (DICA) and make capital contributions earlier in the process, without waiting for the IRC to be issued.

This adjustment is expected to improve cashflow planning and operational readiness, particularly for projects requiring capital deployment payments or initial spend before project commencement.

## 3. Project Implementation Structure

In practice, the entity ultimately stated on the IRC may be the newly established economic organisation itself, rather than the foreign investor directly. This has potential implications for documentation collection and authentication, potentially reducing legalisation requirements and simplifying the sequence of submissions.

## Looking Ahead: Decrees and Guidance Required

The amended Law provides the framework for these reforms, but detailed implementation will depend on subsequent decrees, circulars, and guidance documents from Government agencies. Areas requiring clarification include:

- Detailed market access conditions for specific sectors
- Procedures for confirming compliance during enterprise registration
- Requirements for reporting and compliance if an entity is established before the IRC is granted

Foreign investors and advisors should monitor upcoming guidance and engage with local counsel or advisory firms to ensure compliance with the new procedural regime once implemented.

For any further questions you may have, please reach out to us at [vietnam@alitim.com](mailto:vietnam@alitim.com)

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