

Vietnam: Notable Aspects of New Land Law 2024



For more information, please contact VTN's key persons below:

NGUYEN THANH NGHIEP

Partner

+84 982 450 996
nghiep.nguyen@vtn-partners.com

NGUYEN HUNG HA

Managing Partner

+84 365 888 396
ha.nh@vtn-partners.com

TABLE OF CONTENTS

I.	Land allocation, land lease, conversion of land use purpose, and land expropriation	3
II.	Timeframe expansion and State's responsibilities enhance regarding LURC issuance	10
III.	Abolition of land price framework, annual establishment of land price list; stipulation of 05 methods for land valuation.....	11
IV.	Expand entities with authority to resolve land related disputes.....	12

Vietnam: Notable Aspects of New Land Law 2024

On January 18, 2024, the 15th National Assembly of Vietnam passed the amended Land Law 2024 (“**Land Law 2024**”) at the conclusion of its 5th extraordinary session. This law signifies a pivotal advancement in Vietnam’s land management policy, offering a wider array of benefits for economic development. Land Law 2024, with its enhanced land use efficiency, streamlined procedures, increased transparency, and protection of land users’ rights and interests, is anticipated to boost the country’s competitiveness for both foreign and local investments.

Comprising 16 chapters and 260 articles, Land Law 2024 will come into effect on January 1, 2025, with the exceptions of (i) Article 190 and Article 248, which will take effect from April 1, 2024, (ii) The preparation and approval of land use planning will continue to be implemented as prescribed by Resolution No. 61/2022/QH15, dated June 16, 2012, of the National Assembly, and (iii) Article 60.9 of Land Law 2024 will take effect from the date Resolution No. 61/2022/QH15 expires. This article highlights some of the notable aspects of Land Law 2024 and its impact on enterprises in Vietnam, as well as other subjects of Land Law 2024.

I. Land allocation, land lease, conversion of land use purpose, and land expropriation

1. Land allocation

a. Overseas Vietnamese

Land Law 2024 asserts that overseas Vietnamese, who hold Vietnamese citizenship, possess the same comprehensive land-related rights as domestic Vietnamese citizens.¹ This progressive regulation is anticipated to stimulate investment growth and attract remittances from the millions of Vietnamese citizens residing overseas, thereby generating resources for the nation’s economic development.

b. Foreign invested Companies

Land Law 2024 has rectified the inconsistencies present in the definition of “foreign-invested economic organization” in Clause 7, Article 5 of Land Law 2013, which was not in line with the Law on Investment 2020.² In alignment with the Law on Investment 2020, Land Law 2024 ensures equal and consistent treatment of all foreign-invested economic organizations, in accordance with the laws of Vietnam.

In addition, Land Law 2024 supplements the cases to allocate land free of charge to agencies and organizations using land to implement public housing projects; and land to ethnic minorities who are eligible for the policy.

¹ Article 4.3 Land Law 2024

² Article 3.46 Land Law 2024

2. Basis for land allocation, land lease, and permission to convert land use purpose

- a. Conducting land use rights auctions;
- b. Employing bidding processes to select investors for land-utilizing projects;
- c. Excluding land use rights auctions and investors selection bidding for project implementation;
- d. Allowing conversion of land use purposes other than Clause 5 of Article 116.5;
- e. Decision and approval of the investment policy for phasing projects or based on the progress of land expropriation, compensation, support, and resettlement;
- f. Grounds for converting the use purpose of agricultural land in residential areas, agricultural land in the same plot with residential land to residential land or changing non-agricultural land other than residential land to residential land for households and individuals;
- g. Basis for land allocation, land lease, and permission to convert land use purpose for cases not subject to approval of the investment policy or investors.³

3. Cases of land allocation and land lease through bidding to select investors for the implementation of land-utilizing projects

The State allocates land with fees and leases land through bidding to select investors for the implementation of investment projects using land in the following scenarios:

- a. Investment projects aim at constructing urban areas with mixed service functions, incorporating comprehensive technical, social infrastructure systems and housing in accordance with the provisions of the construction law, whether for new construction, renovation, or urban revitalization.
- b. Rural residential area projects for which the Provincial People's Council determines land allocation or land leasing through bidding and selection of investors for the implementation of investment projects using land.
- c. Investment projects utilizing land that fall under the category of land expropriation by the State as outlined in Article 79 (land expropriation for socio-economic development for national and public benefits), and do not fall within the scope specified in point a of this clause, necessitating the

³Article 116 Land Law 2024

organization of bidding to select investors as per the regulations of each industry and field.⁴

4. Cases of the cancellation of winning bid results

- a. Within 36 months from the date of issuing the decision to acknowledge successful bidding results, or within another period specified in the contract signed with the competent state agency, the competent People's Committee must complete the implementation of compensation, support, and resettlement for land allocation and land leasing to the winning investors. The winning investor is obligated to provide the necessary capital in advance for carrying out compensation, support, and resettlement, as requested by the competent state agencies.
- b. If, after 6 months from the date of receiving a request from the competent state agency, the investor fails to provide sufficient capital to carry out compensation, support, and resettlement, as stipulated in the contract signed with the competent state agency, the competent state agency has the authority to decide on the cancellation of the winning bid results.⁵

5. Land rental payment

- a. The annual land rent remains stable for a 5-year duration starting from the time the State determines the land lease, permits the conversion of land use purpose associated with the transition to the state leased land form with annual rental payments.
- b. For the subsequent cycle, the land rental payment is calculated based on the land price list of the year determining the upcoming land rental payment. If the fee increases compared to the previous cycle, the payment will be adjusted accordingly, but not exceeding the rate specified by the Government for each period. The adjustment rate prescribed by the Government for each period must not exceed the total annual national consumer price index (CPI) of the preceding 5-year period.⁶
- c. The State applies a lump sum payment for the entire lease period in the following cases:
 - (i) Utilization of land for implementing investment projects in agriculture, forestry, aquaculture, and salt production.
 - (ii) Utilization of land in industrial parks, industrial clusters, high-tech parks, and worker accommodation within industrial parks; land used for public purposes with commercial intentions; utilization of

⁴ Article 126.1 Land Law 2024

⁵ Article 126 Land Law 2024

⁶ Article 153.2 Land Law 2024

commercial and service land for tourism and office business activities.

(iii) Utilization of land for constructing social housing for rental purposes in accordance with the provisions of the housing law.⁷

d. The remaining cases apply the form of land lease with annual payments. However, in the above cases, if needed, the State can still lease land and collect annual land rent.

6. Ethnic minorities are subject to land use fees exemption

a. Land Law 2024 includes specific provisions regarding land policies for ethnic minorities, which entail the following:

(i) Policies aim at ensuring land for community activities;

(ii) Allocation and leasing of land to ethnic minorities who lack residential and productive land;

(iii) Responsibilities of state agencies in developing and implementing land support policies for ethnic minorities

b. Land Law 2024 also addresses the following aspects:

(i) Allocation of resources for policy implementation;

(ii) Ensuring a land fund to implement land policies for ethnic minorities;

(iii) Regulations that restrict certain rights of land users in cases of land allocation, land leasing, and conversion of land use in accordance with land support policies for ethnic minorities.

c. Accordingly, Land Law 2024 outlines policies specifically designed to support residential land, agricultural production land, and non-agricultural production and business land for individuals belonging to poor and near-poor households in ethnic minority and mountainous areas.

d. The forms of land allocation include:

(i) Allocation of residential land within regulatory limits;

(ii) Allowing the conversion of land use purpose to residential land within the regulatory land limit for land that is allocated, leased, recognized by the State, or acquired through inheritance,

⁷ Article 120.2 Land Law 2024

donation, or transfer of land use rights according to the provisions of the law;

- (iii) Allocation of agricultural land within regulatory limits;
- (iv) Leasing non-agricultural land, excluding residential land, for production and business purposes.

e. For individuals who were previously allocated or leased land but no longer possess land or have insufficient land, they have the option to:

- (i) Be allocated more residential land, be allowed to change land use purpose to residential land within limits;
- (ii) Be allocated more agricultural land within limits or lease non-agricultural land that is not residential land for production and business.

f. The law further specifies that ethnic minorities eligible for the policy will be allocated land by the State without being required to pay land use fees.

7. Conversion of land use purpose

a. Land Law now includes regulations that show the control from the land use planning process. District-level planning must specify the land area permitted for the conversion of land use purposes.⁸

b. The conversion of land use purposes is also subject to control from the stage where the competent authority decides on investment policies. This control extends to the auctioning of land use rights and the selection of investors to carry out the project. The decision to allow a change of land use purpose must be based on the investment policy decision, the outcomes of the land use rights auction, and the results of the investor selection process for project implementation.

c. Amendments have been made to several articles of the Forestry Law to decentralize the authority to approve changes in forest use purposes uniformly to the Provincial People's Council.⁹

8. Land expropriation

a. Additional cases in which the government may expropriate land include:

⁸Clause 2a Article 123 Land Law 2024

⁹ Article 122.1 Land Law 2024

- (i) Urban area projects with mixed service functions; projects in the vicinity of transportation hubs and routes with development potential;¹⁰
 - (ii) Investment projects aimed at renovating and rebuilding apartment buildings, except when apartment owners agree to transfer land use rights to the investor for the purpose of carrying out these projects, in accordance with the provisions of the Housing Law;¹¹
 - (iii) Resettlement project;¹²
 - (iv) Sea reclamation projects intended for socio-economic development purposes.¹³
- b. In situations where land expropriation is required for projects that serve the national or public interest but do not fall under the categories specified in Clauses 1 to 31 of Article 79, the National Assembly has the authority to amend and supplement the cases of land expropriation through an expedited process.¹⁴
- c. Conditions for land expropriation in commercial housing projects are as follows:
- (i) The government may expropriate land for socio-economic development and national/public benefits in the case of investment projects aimed at constructing urban areas with mixed service functions, integrating technical and social infrastructure systems with housing, in accordance with the provisions of construction regulations...¹⁵
 - (ii) In the case of utilizing land for commercial housing projects, the government may employ land expropriation through mechanisms such as organizing land use rights auctions, bidding to select investors for project implementation or converting the land use purpose for individuals who possess residential land use rights, or other types of land.
- d. The order and procedures for land expropriation are as follows:

¹⁰ Article 79.27 Land Law 2024

¹¹ Article 79.21 Land Law 2024

¹² Article 79.21 Land Law 2024

¹³ Article 79.24 Land Law 2024

¹⁴ Article 79.32 Land Law 2024

¹⁵ Article 79.27 Land Law 2024

- (i) Delegation of land expropriation responsibilities to local authorities, with an emphasis on decentralization to district-level People's Committees.¹⁶
- (ii) Projects that involve the use of land designated for rice cultivation, protective forest land, or special-use forest land for non-specified purposes that do not require approval from the National Assembly or the Prime Minister shall not necessitate written approval from the Prime Minister.¹⁷

9. Regulations on compensation and resettlement support

- a. Diversifies the forms of land compensation: Land Law 2024 introduces a variety of compensation and land clearance when the State exercises its right to reclaim the land. However, the ability of local authorities to allocate alternative land or housing as compensation for those affected by land reclamation is a separate issue. Land Law 2024 has expanded the forms of land compensation for entities subject to land reclamation, moving beyond the previous model of compensation in Land Law 2013. Under the provision of Land Law 2024:
 - (i) Households and individuals subject to the reclamation of agricultural land may receive compensation in the form of housing, alternative land, or monetary value¹⁸
 - (ii) Households and individuals with reclaimed residential land may be compensated with residential land, housing, or alternative land¹⁹
 - (iii) Non-agricultural land subject to reclamation may also be compensated with housing or alternative land²⁰
 - (iv) Households, individuals, and people of Vietnamese origin who own houses attached to residential land at the time of expropriation may receive compensation in the form of residential land, housing, monetary value, or alternative land.²¹
- b. Conditions for land compensation: Land Law 2024 has introduced more nuanced criteria for land compensation in instances of State-initiated land reclamation, thereby mitigating the incidence of disputes and litigation, particularly in cases where land registration procedures have not been finalized by the purchaser. Beyond the conditions outlined in Land Law 2013, such as possession of a certificate land use right, house ownership and

¹⁶ Clause 2, 6, 7 Article 91 Land Law 2024

¹⁷ Article 121.3 Land Law 2024

¹⁸ Article 96.1 Land Law 2024

¹⁹ Article 98 Land Law 2024

²⁰ Article 99 Land Law 2024

²¹ Article 98 Land Law 2024

other attached assets ("**LURC**") or eligibility to obtain one, Land Law 2024²² stipulates that households and individuals may be eligible for land compensation if:

- (i) They have legally acquired land use rights from a legitimate land user but have not completed the requisite land registration procedures;
 - (ii) They are utilizing land in accordance with an agreement specified in a Mortgage contract settling of debt, or a document confirming the successful bid for land use rights, provided the successful bidder has remitted the appropriate land use fee.
- c. Compensation for damages to houses, buildings, and other structures attached to land when the State reclaims the land:

Compensation prices should closely align with market prices.

The Provincial People's Committee shall establish unit prices for compensating actual damages to houses, buildings, and other structures as a basis for calculating compensation during land expropriation. These unit prices must be consistent with market prices and should be considered for adjustment in the event of fluctuations.²³

II. Timeframe expansion and State's responsibilities enhance regarding LURC issuance

1. Time expansion for granting the LURC to households and individuals that are using land and have no documents on land use rights

- a. Land Law 2024 introduces provisions whereby households and individuals utilizing land between October 15, 1993, and July 1, 2014, lacking documentation on land use rights that do not contravene land laws and are not subject to unauthorized land grants, are eligible for a LURC, provided they are certified by the People's Committee of the relevant commune as free from disputes²⁴.
- b. In contrast to Land Law of 2013²⁵, Land Law 2024²⁶ extends the temporal framework for households and individuals utilizing land consistently without proper documentation to obtain a LURC. The previously specified timeframe preceding July 1, 2004, has been amended to extend up to July 1, 2014. Therefore, Land Law 2024 additionally mandates that individuals and households utilizing land securely without documentation on land use

²² Article 95 Land Law 2024

²³ Article 102.4 Land Law 2024

²⁴ Article 138.3 Land Law 2024

²⁵ Article 101.2 Land Law 2024

²⁶ Article 138 Land Law 2024

rights, ensuring compliance with land laws, not being in the case of land being granted ultra vires and certification by the People's Committee of the relevant commune affirming the absence of disputes, will be granted a LURC.

2. Enhance the State's responsibilities in the issuance of LURC

Land Law 2024 has added an "innovative" regulation on the State's responsibility to issue LURCs to all "land users", upon request or no request. Compared with Land Law 2013²⁷, which stipulates "Grant of LURCs to households and individuals that are using land and have no documents on land use rights". However, the old law does not stipulate that "The State is responsible for granting LURCs for registered cases and meeting the prescribed conditions". This signifies a substantial shift in management philosophy, highlighting a major and foundational change in the approach to managing land-related activities. It underscores the state's explicit acknowledgment and commitment to its responsibilities in the issuance of land use rights certificates, demonstrating a heightened sense of accountability in the regulatory framework.

III. Abolition of land price framework, annual establishment of land price list; stipulation of 05 methods for land valuation

1. Abolition of land price framework and annual establishment of land price list

Land Law 2013²⁸ has been repealed in accordance with the new provisions outlined in Land Law 2024. This groundbreaking change is designed to phase out the land management mechanism reliant on administrative procedures and transition towards establishing land price list that based on market fluctuations.

Land Law 2024²⁹ stipulates that provinces and centrally governed cities will announce new land list applicable from January 1, 2026. In particular, each year, the People's Committee of the province must submit to the Provincial People's Council a decision to adjust, amend, or supplement the land price list for announcement and application from January 1 of the following year. It can be observed that starting from January 1, 2026, the land price list will be issued annually (if adjusted, amended, supplemented) instead of the current provision of every 5 years as stated in Land Law 2013³⁰. Additionally, Land Law 2024³¹ specifies that the current land price list will continue to be applied until December 31, 2025. In necessary cases, provinces and cities

²⁷ Article 101 Land Law 2024

²⁸ Article 113 Land Law 2024

²⁹ Article 159 Land Law 2024

³⁰ Article 114 Land Law 2024

³¹ Article 257 Land Law 2024

may adjust the land price lists according to the new regulations to align with the local land market realities.

2. Stipulation of 05 methods for land valuation

- a. Land Law 2024 has provided more specific regulations regarding land valuation compared to Land Law 2013³², which assigned the government to stipulate land valuation methods leading to Government Decree No. 44/2014/NĐ-CP. This decree not only defined five land valuation methods but also outlined the application of these methods
- b. However, Land Law 2024³³ has precisely specified four land valuation methods, including (i) Direct comparison method, (ii) The income-based method, (iii) The surplus-based method, and the adjustment coefficient method. Simultaneously, it allows the government to establish other land valuation methods not covered by points a, b, c, and d of this clause, after obtaining the approval of the Standing Committee of the National Assembly. Clause 6 of Article 158 of Land Law 2024 has also detailed the cases and conditions for applying land valuation methods.
- c. In addition, Land Law 2024 is effective from January 1, 2025, and it includes provisions on land valuation. In 2024, land valuation activities must still comply with the regulations of Land Law 2013. Therefore, it is crucial and urgent to issue a "Decree amending and supplementing certain provisions of Decree No. 44/2014/NĐ-CP dated May 15, 2014, on land prices". This is crucial to promptly address challenges in land valuation, appraisal, and determination of land prices for the calculation of land use fees and rents for numerous real estate and commercial housing projects nationwide. This is to ensure that investors fulfill their financial obligations to the state regarding land, avoid revenue loss for the state budget, enhance the quality of state land management, and the real estate market, while safeguarding the legal and legitimate rights and interests of homebuyers by providing them with LURC.

IV. Expand entities with authority to resolve land related disputes

1. Pursuant to Articles 202 and 203 of Land Law 2013, parties involved in land disputes may opt for resolution through various channels, contingent upon the specifics of each case. These channels include grassroots-level conciliation, resolution by the Court, or intervention by the competent People's Committee.
2. With the introduction of Land Law 2024³⁴, two additional dispute resolution methods have been incorporated: commercial mediation and commercial arbitration. Consequently, in the event of disputes stemming from

³² Article 112.2 Land Law 2013

³³ Clause 5, Article 158 Land Law 2024

³⁴ Articles 235.1 and 236.5 Land Law 2024

commercial activities associated with land, enterprises are now afforded a broader range of options for dispute resolution. These include recourse to Vietnamese commercial arbitration, as prescribed by the law on commercial arbitration, or commercial mediation, as outlined in the law on commercial mediation. This expansion of options aims to provide more flexibility and efficiency in the resolution of land-related commercial disputes.