

KEY REGULATORY UPDATES FOR ENTERPRISES UNDER DECREE NO. 296/2026/ND-CP

On 23 July 2026, the Government issued Decree No. 296/2026/ND-CP, amending and supplementing provisions of Decree No. 168/2025/ND-CP dated 30 June 2025 on enterprise registration (“**Decree 296**”), with an immediate effect from the date of issuance. In this legal update, we shall discuss the key amendments and additions concerning capital contributions, business suspension, beneficial ownership, and enterprise registration procedures.

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1. Prohibiting nominee capital contributions

A nominee arrangement in investment activities generally refers to an arrangement under which a person or entity (the “nominee”) holds an investment or capital contribution in its own name on behalf of, and for the benefit of, another person (the “beneficial investor”), while the beneficial investor retains the actual economic interest and/or control over such investment through contractual or other arrangements. In Vietnam, such arrangements may be used, among other reasons, to circumvent statutory requirements or restrictions applicable to foreign investors, including market access conditions.

Nominee arrangements may give rise to significant legal risks for the parties involved, particularly where they are used to circumvent foreign ownership restrictions or other statutory requirements. They may also undermine the transparency of investment structures and the authorities’ ability to identify the true source and ownership of invested capital.

Against this background, Decree 296 expressly prohibits individuals and organizations from holding capital contributions in their names on behalf of others. It further requires company owners, shareholders, and members to comply with the statutory requirements governing capital contributions and to lawfully own or have lawful rights to use the assets contributed as capital.

This provision represents a clear regulatory approach toward nominee arrangements and reinforces the requirements of transparency and accountability in capital contributions to enterprises in Vietnam.

2. Revising the framework for identifying beneficial owners

Another notable change under Decree 296 is that, in addition to expanding the criteria for identifying beneficial owners, it expressly requires enterprise founders and enterprises to declare beneficial ownership information.

In addition, unlike the previous approach under Decree No. 168, where the criteria for identifying a beneficial owner are primarily based on an individual’s ownership of charter capital or voting shares, or the individual’s power to exercise control over certain key corporate matters, Decree No. 296 establishes a three-step process for identification and declaration:

First, identification based on ownership:

- An individual is identified based on direct and/or indirect ownership of at least 25% of the charter capital or voting shares. This also captures indirect ownership through organizations or other legal arrangements and, subject to the prescribed conditions, aggregated ownership by family members or individuals acting under a joint ownership agreement.

- For partnerships, all general partners are treated as beneficial owners regardless of their capital contribution or voting rights.

Second, identification based on control: Where no individual can be identified, or there are grounds to establish that an individual identified under the criteria above is not a beneficial owner of the enterprise, the enterprise must identify its beneficial owner through other means of control, whether under law or in practice. Such control may be exercised through one or more of the following rights: the right to appoint, dismiss or remove a majority or all members or the chairperson of the Board of Management, a majority or all members or the chairperson of the Members’ Council, the Director or General Director; amend or supplement the enterprise’s charter; change its organizational structure; determine its financial, investment and operational policies; or reorganize or dissolve the enterprise.

Third, identification based on management authority: If no individual can be identified under either of the above criteria, the enterprise must identify as its beneficial owner the enterprise manager with the highest authority to act on behalf of the enterprise, except for an individual representing State capital in the enterprise.

3. Streamlining enterprise registration dossiers

Eliminating the resubmission of documents available in government databases

As part of the continued efforts to streamline administrative procedures, where information is already available in the National Business Registration Database or other national or specialized databases, the provincial-level business registration authority may not require individuals or organizations carrying out enterprise registration procedures to submit copies of the Enterprise Registration Certificate or other documents required as part of the enterprise registration dossier. Where such information is incomplete or inaccurate, the relevant individuals or organizations may be required to amend or update such information accordingly.

Revising registration dossiers for foreign investors

To ensure consistency with investment legislation, Decree 296 revises the registration dossier applicable where a foreign investor establishes an economic organization before applying for the issuance or amendment of an IRC. In specific, the dossier is no longer required to include a copy of the IRC. Instead, the application for enterprise registration must contain the foreign investor's undertaking to satisfy the

applicable market-access conditions where the foreign investor establishes an economic organization before carrying out the procedures for the issuance or amendment of an IRC.

4. Limiting consecutive business suspension period to 24 months

To implement one of the OECD's recommendations, Decree 296 caps the total period of consecutive business suspension at 24 months. This 24-month cap also applies to enterprises that notified their business suspension before Decree 296 took effect, with any prior suspension period counting toward the cap. Enterprises whose consecutive suspension period has already exceeded 24 months may not register for any further suspension upon expiry of their latest notified suspension period.

In addition to the above, Decree No. 296 introduces several other changes relating to electronic authentication requirements for certain key procedures, simplified documentation requirements for wholly State-owned enterprises, and the retention of shareholder information following the dissolution of an enterprise, among others.

In summary, Decree 296 is introduced to streamline and digitalize enterprise registration procedures, clarify regulations of capital contributions and beneficial ownership, and business suspension, and ensure consistency with the current enterprise and investment legal framework.

We hope the above is beneficial to you. Should you have any questions or need further information, please feel free to contact us.



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