

# New Law on Construction No. 135/2025/QH15 dated 10 December 2025

## *What construction project stakeholders must know?*

### Key takeaways

Vietnam's new Law on Construction (LOC 2025), enacted on 10 December 2025, replaces the LOC 2014 framework, as from 1<sup>st</sup> July 2026, with sweeping reforms across project classification, contract governance, dispute resolution, and design methodology. This document summarises the key changes and outstanding issues that developers, contractors, lenders, and government authorities need to act on.

## 1. Legal Clarifications: Harmonization and Simplification

LOC 2025 resolves six long-standing ambiguities, streamlining regulatory processes and reducing friction for both domestic and international project participants.

### Construction Project Classification

LOC 2025 shifts from a funding-source to an investment-type approach, aligning construction law with public investment, PPP, and general investment laws for greater clarity and regulatory consistency.

### Applicable Law

Civil law is now explicitly confirmed as governing construction contracts, removing prior uncertainty about the application of commercial law.

### Contract Content

LOC 2025 clarifies that contract contents listed in the law are optional, giving parties flexibility in drafting their agreements.

### Contract Language

LOC 2025 still requires a Vietnamese version of the contract, but when a foreign party is involved, the parties may agree that the foreign language prevails in case of discrepancies.

### Suspension and Termination

LOC 2025 clarifies and broadens the grounds for suspension and termination by aligning with international standards, refers all other cases to the Civil Code, and preserves existing rules through the upcoming decree.

### Administrative Simplification

LOC 2025 expands exemptions from construction permits and transfers design appraisal responsibilities to the employer after the feasibility study.

## Key takeaways

### 2. International Alignment: Introduction of New Concepts

#### 2.1 FEED in the Design & Feasibility Sequence

LOC 2025 expands FEED beyond railways, integrating it into all three-step design projects alongside Basic and Technical Design. It shifts early-stage scope and cost definition to FEED before detailed design.

#### 2.2 Liquidated Damages as a Contractual Remedy

LOC 2025 formally recognizes pre-determined damages, aligning Vietnam with international standards (e.g., FIDIC). Contracts should update LD clauses accordingly.

#### 2.3 Recognition of Dispute Boards (DBs)

DBs are now officially recognized as a dispute resolution method, distinct from mediation. Public projects require authority approval or contractual agreement, which may limit short-term adoption.

#### 2.4 Force Majeure and Fundamental changes

Force majeure is codified with broader defined events. Changes in circumstances now include legal/policy shifts and unforeseen conditions, requiring careful contract drafting.

### 3. Outstanding Issues: Remaining Gaps and Uncertainties

#### 3.1 Arbitration and award enforcement

The use of domestic arbitration center (i.e. VIAC) shall be prioritized for public funded project. Still no additional security on the enforcement of arbitral awards or DB decisions.

#### 3.2 Amendment of Contract v. Variation

LOC 2025's new provision on amending a construction contract still does not align with the concept of a "Variation" under international form of contract.

#### 3.3 Time Limitation

Does launching and proceeding a DB (both DB establishment and process) suspend the time limitation for arbitration or Court procedures?

#### 3.4 Requirements on capacities for local contractors

Law on Railway No. 95/2025/QH15 dated 27 June 2025 removed the certificate of capacity for local contractors (organization). The LOC 2025 mentions neither the requirements for capacity nor the certificate. Further observation on guiding decrees is highly recommended.

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