

Notable changes under the Law on Real Estate Business 2023

4 March 2024

At a glance...

The National Assembly has passed the Law on Real Estate Business No. 29/2023/QH15 (“LOREB 2023”) which will become effective on 1 January 2025 and replace the current Law on Real Estate Business.

In detail...

Below are some notable points which may be of interest:

- LOREB 2023 imposes more conditions on the sale of off-the-plan real estate, including that such property must be part of a specifically approved real estate project for constructing houses and construction works for sale and/or for lease-purchase.
- Whereas the current law is silent on the deposit amount for off-the-plan purchases, LOREB 2023 sets a maximum deposit of 5% of the purchase price.
- Similar to the current law, LOREB 2023 requires the sellers of off-the-plan projects to secure bank guarantee. The new law, however, gives buyers of such real estate the right to choose whether a bank guarantee specifically for the purchase is required. If yes, the parties need to attend to administrative procedures to effectuate the guarantee such as obtaining the bank guarantee letter and payment of the guarantee fee.
- The equity that an investor contributes to a real estate project must be at least 20% of the total capital of the project if the project uses less than 20 hectares of land, and at least 15% if the project uses 20 hectares of land or more. Where a company has multiple projects, its equity funding must be sufficient for all projects. This is not a new requirement as it is already included in Decree 02/2022/ND-CP (and before that, Decree 43/2014/ND-CP), but this is the first time such equity thresholds have been put into law.
- LOREB 2023 also puts into law the requirement that real estate buyers can defer 5% of the total payment until the ownership certificate is issued to them.

In detail...

- In addition to the information that a real estate investor/developer must disclose to the public under the current law, LOREB 2023 requires real estate investors/developers to publicly disclose more information such as in-principle approval of the real estate project, decision on land allocation/land lease, and permission to change land use purpose granted by the competent authorities. The disclosures must be made via the real estate establishment's website and the government website on real estate business at <https://batdongsan.xaydung.gov.vn/>.

Contact us

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