



**GLOBAL VIETNAM
LAWYERS**

LEGAL ALERT

**WILL THE LAND PRICE BRACKET BE REMOVED AND
WILL LAND PRICES BE DETERMINED ON THE ARM'S
LENGTH PRINCIPLE? IN 2023, THE AMENDMENT TO THE
LAND LAW 2013 MUST BE COMPLETED**



On 16 June 2022, the Central Committee of the Party issued Resolution No. 18-NQ/TW of the XIIIth Central Conference in the fifth session on “Continuing to renovate and perfect institutions and policies, improving the effectiveness and efficiency of management and use of land, creating a driving force for our country to become a developed country with high-income” (“**Resolution 18**”), in which, Resolution 18 sets out the goal of *removing the land price bracket and determining land price on the arm’s length principle, and in 2023, the amendment to the Land Law 2013 must be completed.*

1. Completing regulations on allocation and lease of land, and conversion of land use purposes. Focusing on:

- Land allocation and lease will be conducted mainly through auction of land use rights, holding bids on land using projects; restrict and strictly regulate the cases of land allocation or lease without auctioning land use rights or holding bids on land using projects;
- Basically implement the form of land lease with annual land use fee payment and specify the cases of one-time payment of land use fees in consistency with the nature and purpose of land use, ensuring a stable source of income and preventing losses to the state budget.

2. Completing regulations on compensation, support, relocation and land recovery for national defense and security purposes; achieving socio-economic development for national and public interests

Resolution 18 emphasizes that land recovery can only be done after the compensation, support and relocation plan is approved. In case of land recovery with family relocation, the relocation must be completed before the land is recovered. In addition, there must be specific regulations on compensation, support, and relocation so that after land

recovery, land recoverees can have a place to live with equal or better life quality than before. Resolution 18 requires development and perfection of mechanisms and policies towards the fact that organizations, households and individuals with land use rights can cooperate with investors to implement projects by transferring, leasing or contributing capital in form of land use rights.

3. Removing the land price bracket, and setting up a mechanism and method to determine land prices on the arm’s length principle

Currently, the land price bracket prescribed in Decree 96/2019/ND-CP is the basis for localities to issue land price brackets for the period of 2020-2024, however, the methods of evaluating and auctioning of land use rights are still inadequate, not consistent with the reality, and land prices are often determined much lower than the land price in the market. The difference of land price in the areas bordering between localities has not been thoroughly settled. There is also no remedy to handle violations in land price determination and land use right auction.

Therefore, *Resolution 18 has set out a remarkable solution to remove the land price bracket and have a mechanism and*

method for determining land prices on the arm's length principle.

4. People who own a lot of real estate and speculate on land will have to pay high taxes

Resolution 18 requires application of a higher tax rate to users who own lots of land, houses, speculate on land, delay using land, or abandoning land; in addition, preferential policies for tax, land use fees and land rent should be provided for the fields and geographical areas eligible for investment incentives;

...

With the said contents, Resolution 18 actually deals with the trending issues today. However, in order for Resolution 18 to come to life and have a practical impact, it is necessary to concretize these contents in the form of laws, policies, and promptly implement these laws at the local level. We will continue to provide you with the information related to the implementation of this Resolution 18.



GLOBAL VIETNAM LAWYERS

CONTACT US

info@gvlawyers.com.vn

HCMC - Head Office

8/F, Centec Tower
72 – 74 Nguyen Thi Minh Khai
Vo Thi Sau Ward, District 3
Ho Chi Minh City, Vietnam
Tel: +84 (28) 3622 3555

Ha Noi - Branch

10A/F, CDC Building
25 Le Dai Hanh
Hai Ba Trung District
Ha Noi, Vietnam
Tel: +84 (24) 3208 3555

Da Nang - Branch

3/F, Indochina Riverside
Tower, 74 Bach Dang
Hai Chau District
Da Nang City, Vietnam
Tel: +84 (28) 3622 3555

The contents of the Legal Alert neither constitute legal advice nor necessarily reflect the opinions of our firm or any of our attorneys or consultants. The Legal Alert provides general information, which may or may not be complete or up to date at the time of reading. The content is not intended to be used as a substitute for specific legal advice or opinions. Please seek appropriate legal advice or other professional counselling for any specific issues you may have. We, GV Lawyers, expressly disclaim all liabilities relating to actions whether taken or untaken based on any or all contents of the newsletter.

