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LEGAL ALERT

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**Decree No. 296/2026:
Significant Changes on
Beneficial Owner of
Enterprise**



On 23 July 2026, Government issued Decree No. 296/2026/ND-CP (“**Decree 296/2026**”) amending and supplementing a number of articles of Decree No. 168/2025/ND-CP (“**Decree 168/2025**”) on enterprise registration. Decree 296/2026 takes effect from the date of issuance, i.e., 23 July 2026. Notably, it introduces and refines the framework for identifying, declaring, and updating information on beneficial owners (“**BOs**”)¹, which enterprises must carefully observe to fulfill their obligations with the business registration authority.

1. Amending the definition of BOs

Previously, Decree 168/2025 primarily defined BOs based on ownership of capital or voting shares and the ability to influence key decisions of the enterprise.

Decree 296/2026, while inheriting and clarifying these criteria, also introduces an approach based on determining ultimate effective control over the enterprise in practice. Accordingly, the BO of a legal entity may be one or more individuals who ultimately own or exercise control, whether directly or indirectly, over that enterprise.

This approach strengthens the legal mechanism to accurately and comprehensively identify the individuals who truly control the enterprise, rather than relying solely on those named in legal documentation.

more of total voting shares of the enterprise.

- *Multi-layered ownership structures*, where individuals hold ownership directly, indirectly, or through a combination of both.
- *Groups of individuals with family relationships* who collectively own, directly or indirectly, or both, 25% or more of charter capital or voting shares.
- *Groups of individuals acting under contracts or agreements* to collectively own, directly or indirectly, or both, 25% or more of charter capital or voting shares.
- *In the case of partnerships*, all general partners are considered BOs regardless of their capital contribution ratio or voting rights.

2. Expand the circumstances in which a person is deemed to be the BO of an enterprise

In addition to individuals directly owning 25% or more of charter capital or 25% or more of total voting shares, Decree 296/2026 further clarifies and supplements additional cases where individuals may be identified as BOs, including:

- *Individuals who, through organizations or other legal arrangements*, indirectly own 25% or more of charter capital or 25% or

3. Additional criteria for determining actual control over enterprise operations

Beyond existing criteria such as the right to appoint or dismiss managers, amend the charter, change the management structure, or reorganize or dissolve the enterprise as provided under Decree 168/2025, Decree 296/2026 introduces additional criteria for determining actual control. These include the ability to *decide on financial, investment, and operational policies of the enterprise*.

¹ Articles 3 and 4 of Decree 296/2026

4. Introduction of a fallback mechanism where no BO can be identified

Under Decree 296/2026, where no individual meets the criteria for being a BO, the enterprise must designate an individual who is the highest-ranking manager with authority to act on behalf of the enterprise, except in cases involving state capital representatives.

5. Requirement to review each ownership layer to identify BOs

To determine BOs, Decree 296/2026 requires enterprise founders and enterprises to review each level of the ownership structure until identifying the individual who ultimately owns or exercises actual control. Where legal arrangements exist under anti-money laundering laws, the BO of such arrangements must be determined in accordance with those laws.

6. Obligations to declare and notify BO information

Decree 296/2026 requires enterprises to declare and notify the business registration authority of BO information in the following three-step order:

Step 1: Declare information of individuals with ownership rights, if they meet the ownership criteria.

Step 2: Declare information of individuals exercising actual control, if no individual meets the criteria in Step 1 or if there is evidence that individuals identified under Step 1 are not the true BOs.

Step 3: Declare information of the highest-ranking manager, if no individual meets the criteria in Steps 1 and 2.

The ultimate effective control under Decree 296/2026 requires enterprises to thoroughly review their capital structures, shareholder arrangements, and control agreements to accurately identify BOs, as well as to properly declare and notify such information to the business registration authority².

² Under Decree No. 288/2026/ND-CP (effective from 21 July 2026), enterprises committing violations related to the declaration of BO information may be subject to administrative fines of up to VND 100 million.

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