BALI PROPERTY SOURCING

The Bali Buyer's Guide

What to check, in what order, and what nobody tells you.

Free. No email, no form, no gate.
About 15 minutes. Written August 2026.

Before you read this

This guide is written for someone who is seriously considering buying property in Bali and has noticed that every source of information about it is trying to sell them something.

We are also trying to sell you something. So here is the test you should apply to this document and to everyone else's: does it tell you anything that makes buying harder?

If it does not, it is a brochure.

Everything in here comes from Indonesian statute, from government publications, or from the documents we read on the properties we list. Where the law is genuinely unclear, we say so and tell you what to ask a notary. There are eight of those in this guide. We would rather hand you a good question than a confident wrong answer.

There are no yield figures, no occupancy assumptions and no return projections anywhere in this document. That is not an oversight. Our reasons are in section nine.

SECTION 1

What you are actually allowed to buy

Indonesian land law is not hostile to foreigners. It is specific about them.

Hak Milik is freehold, the strongest title there is, and it is indefinite. Only Indonesian citizens may hold it. This comes from Article 21 of the Basic Agrarian Law of 1960 and there is no exception, no workaround and no structure that changes it.

Article 26 goes further. Any transaction intended, and the statute says **directly or indirectly**, to transfer freehold to a foreigner is void by operation of law. The land falls to the State. Money already paid is not recoverable. That last part is the sentence to sit with.

What a foreigner can hold:

Hak Sewa untuk Bangunan, leasehold. The right to use someone else's land to hold a building on it, in return for rent. Articles 44 and 45. This is what almost every villa in Bali is sold under and section two is entirely about it.

Hak Pakai, a right of use. Available to foreigners with the right permit status. The exact permit requirement is one of the places where current sources contradict each other, so treat any confident statement about it, including from an agent, as something to verify.

Hak Guna Bangunan held through a **PT PMA**, an Indonesian foreign investment company. The company is Indonesian, so it can hold titles you cannot hold personally. Section five.

That is the list. Anything presented to you as a fifth option is one of these four wearing a costume.

	Can a foreigner hold it	Term	The catch
Hak Milik **Freehold**	No. Not directly and not indirectly.	Indefinite	Article 26 voids any arrangement intended to get it into foreign hands. The land falls to the State and money already paid is not recoverable.
Hak Sewa **Leasehold**	Yes. This is what almost every Bali villa is sold under.	Whatever the deed says, usually sold in stages	It is almost certainly not a registered land title. Your protection is contractual, not a certificate. The extension clause matters more than the headline number of years.
Hak Pakai **Right of use**	Yes, with the right permit status.	Set by the grant	Current sources contradict each other on exactly which permit or visa status you need. Verify before you rely on it.
HGB **via a PT PMA**	The company holds it. You hold the company.	30 years, renewable	A PT PMA is a real Indonesian company with capital requirements that changed in October 2025, plus filing, tax and licensing obligations that continue whether or not you use it.

The four structures, and what each one actually gives you

SECTION 2

Leasehold, properly explained

This is the most important section in the guide, because the thing most commonly said about Bali leasehold appears to be wrong, and it is said by nearly everyone.

Your lease is probably not on the certificate

Indonesian land registration is governed by Government Regulation 24 of 1997. Article 9 sets out what gets registered: parcels held under freehold, HGU, HGB and Hak Pakai; management rights; endowment land; strata title; mortgages; and State land.

Hak Sewa is not on that list.

There is a second provision, Article 44, which refers to recording the encumbrance of a lease over freehold land. The two articles do not sit comfortably together and Indonesian legal scholarship treats this as a known defect. Where such recording does happen, no

separate certificate is issued. It is an annotation, not a title.

There is a further practical point that settles it in most cases. A **PPAT**, the official who draws up land deeds, has no authority to draw a deed creating a lease over freehold land. It is not on the closed list of deeds a PPAT may make. So your lease is drawn by a **notaris** instead, and a notarial deed is not a land registry entry.

You will find current, professional looking sources stating the opposite, that a Bali lease must be registered at the land office. You will find equally current sources stating that it is purely contractual. We have read both. The statute supports the second.

What that actually means for you

It does not mean leasehold is unsafe. It means the protection you have is contractual rather than registry based.

Article 1576 of the Civil Code says that sale does not break the lease. If the landowner sells, the buyer inherits your lease and must honour the remaining term, unless the lease itself says otherwise. That is a real protection.

What we could not establish, and no source we read resolved it, is how reliably that holds against an heir, or against a bank foreclosing a mortgage registered over the land. Enforcement would be a civil action. It would not be a matter of pointing at a certificate.

Ask your notary: is a mortgage, a *hak tanggungan*, registered over this land, and what happens to my lease if it is foreclosed?

The years are not the number you were told

Leases in Bali are sold in stages. Twenty five plus twenty five is the most common. Thirty plus twenty is next. You will occasionally see thirty plus twenty plus thirty.

Three things go wrong here, and we have found all three in properties offered to us this year.

The extension has already been spent. A listing says "twenty four years with a five year extension available". You read the deeds and the five year extension was exercised years ago and is already inside the expiry date. There is no further option. The years are real, the extension is not.

The count is stale. "Twenty six years remaining" was true when someone wrote it. Marketing material is not recalculated. Always work from the **expiry date**, never from a number of years. A date is a fact. A count is a fact with a use by date on it.

The extension is not what you think it is. Extensions come in at least three shapes and they are not close to equivalent:

	What you actually have	What it costs at renewal
Open or priority	The first right to ask. Nothing more.	Whatever the landowner decides at the time. This is the most common form and the weakest.

	What you actually have	What it costs at renewal
Market appraisal	A right to renew at an assessed price.	Set by independent licensed appraisals, often the average of three. Predictable method, unpredictable number.
Fixed price	A right to renew at a figure already agreed.	The number written into the original deed. The strongest of the three and the rarest.

The three kinds of extension clause, weakest first

An option is not term. If your plan depends on the extension, the clause governing it is the most important paragraph in the contract, and its price mechanism matters more than the number of years.

At the end

Unless the deed says otherwise, at expiry the land and everything built on it reverts to the landowner at no cost.

Everything about transferability is contractual too. Whether you can sell your remaining term, sub lease, or leave it to your children is whatever the deed says. If the deed is silent, your heirs are negotiating, not inheriting.

Ask your notary: does this deed permit assignment, sub lease and inheritance, and on what conditions?

SECTION 3

Nominees, and why 2026 is different

A nominee arrangement is where an Indonesian citizen holds freehold title on paper while a foreigner holds the money, the use and a drawer full of side agreements.

It has always been void. Article 26 of the Basic Agrarian Law voids any arrangement intended directly or indirectly to put freehold in foreign hands, and the Ministry of Finance's own publications say the legislation explicitly prohibits nominee arrangements. Void from the beginning means there is nothing to enforce. If the nominee sells the land, mortgages it or simply asserts that it is theirs, the foreigner has no title to assert and no route to get the money back.

The side agreements, the loan, the mortgage, the power of attorney, the statement of relinquishment, all rest on the same void arrangement. We could not find a single reported case in which those side instruments saved anyone once the underlying purpose was proven. That is not the same as saying they never have. It is to say the evidence is not there, and anyone telling you the structure is tested should be asked to produce the case number.

What changed

Perda Provinsi Bali Number 4 of 2026 came into force on 24 February 2026. It targets both the conversion of productive land and nominee ownership specifically.

Article 14 is the part the market has not absorbed. It prohibits acting as an **intermediary or facilitator** for a nominee acquisition. That reaches agents, arrangers and advisers, not only the buyer and the nominee.

The administrative sanctions listed run from written warnings through suspension, closure of the location, revocation of licences, **demolition of buildings**, and restoration of the land to its former use. Criminal sanctions are referred to, but no source we read set out a specific offence or penalty, so we are not going to invent one.

There is one very large open question. Nothing we read addressed what happens to nominee arrangements that already existed before February 2026. Whether there is grandfathering, a transition period, or nothing at all, we do not know, and neither does anyone claiming otherwise on the internet.

Ask your notary, in writing: does Perda 4/2026 have transitional provisions for arrangements entered into before February 2026?

Where we stand. Bali Property Sourcing does not arrange nominee structures and will not introduce you to anyone who does. That is not caution. Article 14 makes facilitating one a matter for the facilitator as well as the buyer, and we would rather lose the deal.

SECTION 4

Off plan, and the gap between the render and the contract

Off plan is where the distance between what you were shown and what you signed does the most damage, because there is no building to inspect.

Things worth knowing:

Permits usually are not in place yet, and that is normal. Building approvals in Indonesia are typically not complete until a build is well advanced. A developer who cannot produce a completed permit set at the point of sale is not necessarily hiding anything. What matters is what the contract says happens if they never arrive.

The plot may be a range. Developments frequently sell units on plots that vary. If the material quotes a range rather than a number, you need to know which plot is yours before you sign, not after.

Specification substitution is the quiet one. Read what the contract says about materials and finishes, and specifically about the developer's right to substitute equivalents. "Or similar" is doing a lot of work in most off plan contracts.

The completion date is a term, not a promise. Find the clause that says what happens when it slips. If there is no consequence for late delivery, there is no deadline.

SECTION 5

PT PMA, and when it is overkill

A **PT PMA** is an Indonesian limited company with foreign shareholding. Because it is Indonesian, it can hold **HGB**, which you cannot hold personally.

This is the right structure if you are running a business: renting the villa out commercially, operating more than one property, or building something that needs to invoice and employ people.

It is usually the wrong structure if you want somewhere to live.

The reasons are that it is a real company with real obligations. It has minimum capital requirements, which **changed in October 2025**, so any advice you read written before then is out of date, and most of what is online was written before then. It has ongoing reporting, tax filing and licensing obligations. A dormant PT PMA is not a cheap wrapper, it is a liability that accrues paperwork.

There is also a live question that matters enormously if your plan is short term rental. Which business classification, the **KBLI** code, a PT PMA may lawfully use for short term villa letting is not settled in any source we could verify. Some codes commonly used for this are widely reported as closed to foreign investment. We are not going to guess at it in a PDF.

Ask your licensing consultant, before you incorporate: which KBLI can this PT PMA hold for short term rental, and can you show me that in writing from OSS?

SECTION 6

The documents, in the order to ask for them

This is the part to keep. If you take nothing else from this guide, take the order.

1. Sertifikat. The land certificate. Original, not a copy, in the name of the person selling or leasing to you. It tells you the class of right, who holds it, the area, and for HGB or Hak Pakai, when it expires.

2. Pengecekan sertifikat. Certificate verification at the land office, done by **your** notary, never the seller's. This confirms the paper matches the land office's own book, and reveals blocks, seizures, disputes, and any mortgage registered over the land. This step is cheap and it is the one people skip.

3. Surat Ukur. The measurement letter, with the boundaries and coordinates. Reconcile it against a physical survey. Discrepancies between the certificate area and the actual plot are common enough that we treat any land size in marketing material as unverified until we have seen this document. We have found a marketing pack overstating a site by close to a quarter.

4. SPPT PBB and the payment receipts. The annual tax assessment. Tells you the official valuation, which drives your acquisition duty, and whether the name on the tax record

matches the certificate.

5. KKPR. Spatial use conformity, which replaced the old ITR. This is where zoning bites: green zone, protected rice land, coastal and cliff setbacks. A beautiful plot in the wrong zone is a garden.

6. PBG. Building approval, which replaced IMB. Obtained before construction, on submitted plans.

7. SLF. The certificate of worthiness, issued after completion, confirming the building may lawfully be used for its stated function. Absence of PBG and SLF can mean usage prohibition, fines, difficulty insuring or financing, and in serious cases demolition.

8. NIB and the standard certificate. Required to rent the property out at all. If your plan is letting, this is not optional paperwork.

And four that are standard practice but were not in any published checklist we read, so confirm them with your notary rather than treating our word as final: spousal consent, consent of all heirs where the seller inherited, banjar and adat clearance, and legally established road access.

SECTION 7

Permits prove less than people think

A common exchange: "is it licensed?" "Yes, all permits are in place."

Permits are specific. A registration number is not a licence. A business registration that permits holding and leasing property does not permit running accommodation. A restaurant licence licenses a restaurant. An application in progress is an application, not a certificate.

We have read a due diligence pack this year in which the seller stated in writing that all permits and licences were in place. Their own documents showed the only issued licence covered a different activity altogether, and the certificate everyone had assumed was granted was an application still in progress. The seller was not necessarily lying. They had been told it was fine and had never read their own file.

The lesson is not that Bali is lawless. It is that "all permits are in place" is a sentence, and a sentence is not a document. Ask which permit, issued by whom, on what date, under which code, and ask to see it.

SECTION 8

What it costs beyond the price

Rates in Indonesia are set nationally as a ceiling and then fixed locally, so anyone quoting you a single number for all of Bali is rounding.

BPHTB, acquisition duty, is paid by the buyer. The national maximum is 5 per cent, applied to the transaction value less an allowance. The actual rate and the allowance are set by each regency. Badung, Tabanan and Gianyar are not obliged to be the same and we could not verify their current figures, so ask for the number that applies to the regency your property is in.

PPh final, 2.5 per cent of the transfer value, is paid by the seller. Relevant to you because it is often negotiated into the deal.

PBB, annual land and building tax. National ceiling 0.5 per cent. Reported in Bali between 0.1 and 0.5 per cent depending on local regulation.

Rental income tax. For a resident, 10 per cent final on gross rent. For a non resident it is reported as 20 per cent withholding, subject to treaty relief. How those two interact for a non resident individual landlord we could not resolve, and the primary source does not address it.

Ask your tax adviser: as a non resident individual letting a property in Indonesia, which rate applies to me, and does my country's treaty change it?

Deed costs. For a freehold or HGB transfer, the PPAT fee is capped by regulation at 1 per cent of the transaction price. For a **lease**, the deed is drawn by a notaris, whose fees are governed by a different statute with tiered caps. We could not verify the tiers. Market practice is commonly quoted at around 1 per cent of lease value. Ask for the fee in writing before instructing.

SECTION 9

Why there are no yield figures in this document

Every Bali listing you will see quotes a return. Very few explain where it came from.

We publish none, on any listing, ever. Three reasons.

The person supplying the number is selling you the asset. A developer projecting a return has every incentive to be optimistic and no obligation to be right. Nothing binds the projection to the outcome.

The numbers frequently do not survive contact with the seller's own file. On one property offered to us this year, the seller's material contained two different sets of forecasts that contradicted each other. Both were being used in marketing.

A yield figure quietly assumes a licensing position. Short term letting income assumes the property can lawfully be let short term. As sections five and seven set out, that is not a safe assumption, and it is very rarely stated.

What we will do instead is give you the inputs. The price, the lease term and its expiry date, the land and building sizes read off the certificate, and the documents behind all of it. Build your own model, or have your accountant build it. If a number matters enough to base a purchase on, it matters enough not to take from the person selling.

SECTION 10

Eight questions to take to your notary

Copy these. They are the places where this guide stops and a professional starts.

1. Is my lease recorded anywhere at the land office, and if so what exactly is recorded and what does it prove?
2. Is a mortgage registered over this land, and what happens to my lease if it is foreclosed?
3. Does this deed permit assignment, sub lease and inheritance, and on what conditions?
4. Does Perda 4/2026 contain transitional provisions for arrangements entered into before February 2026?
5. Which KBLI can a PT PMA lawfully hold for short term rental, evidenced from OSS?
6. What is the BPHTB rate and allowance in this specific regency today?
7. As a non resident individual, what rate applies to my rental income, and does my tax treaty change it?
8. What is your fee for this deed, in writing, before I instruct you?

We find property, read the documents behind it, and tell buyers what we found, including the parts that make a property harder to sell.

We publish no return, yield or occupancy projections on any listing. We do not arrange nominee structures and will not introduce you to anyone who does.

Once a price is agreed and the MOU is signed, every document the seller provides goes to your own notary, who checks them before the sale goes ahead.

WhatsApp +62 822 3336 9550 · balipropertysourcing.com

This guide is general information, not legal, tax or financial advice. Bali Property Sourcing is not a law firm and does not hold itself out as one. Indonesian land, tax and licensing law changes, and several points in this document are recorded as unresolved precisely because they were unresolved in the sources available when it was written. Take the questions in section ten to a qualified Indonesian notary, PPAT or tax adviser before you commit to anything.

Researched and written August 2026.