

INVESTOR GUIDE • 2026

CAN FOREIGNERS BUY PROPERTY IN BALI?

A complete guide to ownership structures, legal process,
payment methods, and rental management for foreign investors.

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SECTION 01

Can Foreigners Buy Property in Bali?

The short answer is yes — and doing so is more straightforward than most people expect. Indonesia has clear legal frameworks for foreign property ownership, and Bali's villa market has been built substantially on foreign investment over the past two decades.

What foreigners cannot do is hold **Hak Milik** (freehold land title) directly in their own name — that is reserved for Indonesian citizens. However, there are two fully legal and widely used structures that give foreign investors secure, bankable property rights:

- **Leasehold (Hak Sewa / Hak Pakai)** — the most common investment route, giving you full rights to a property for a fixed term (typically 25–30 years, renewable)
- **PT PMA company structure** — a foreign-owned Indonesian company that can hold Hak Guna Bangunan (building rights on freehold land)

Both are legally enforceable, notarised, and registered with the Indonesian land authority (BPN). Thousands of foreign investors use these structures every year.

***Note:** Nominee ownership — putting a property in an Indonesian national's name on your behalf — is not a recognised legal structure and carries significant risk. Ayla Property never facilitates or recommends nominee arrangements.*

SECTION 02

Freehold vs Leasehold

Leasehold (Hak Sewa / Hak Pakai)

Leasehold gives you the right to use and rent out a property for a defined period. Standard terms are **25+25** or **30+30 years** — an initial lease with a contractual right to renew. Some developments offer 50-year initial terms.

Key advantages for investors:

- Lower entry price than freehold — typically 20–40% less for equivalent land
- Fully legal and notarised — enforceable under Indonesian law
- No company formation required — held individually
- Transferable and sellable during the lease term
- Higher yield on invested capital due to lower entry cost

Freehold via PT PMA

A PT PMA (foreign investment company) can hold **Hak Guna Bangunan** (HGB) — building rights on freehold land. HGB is typically granted for 30 years, renewable, and offers stronger long-term security than leasehold. This structure is preferable for investors planning multiple properties or running a formal hospitality business.

Which Is Right for You?

For most first-time Bali investors, leasehold is the right starting point — simpler, cheaper, and excellent returns. PT PMA makes more sense as a portfolio grows. Ayla advises every client individually based on goals, timeline, and budget.

SECTION 03

Buying as Individual vs Setting Up a PT PMA

Individual (Hak Pakai)	PT PMA Company
Simpler setup, lower cost	Access to freehold building rights (HGB)
No annual compliance obligations	Formal commercial operation enabled
Notarised directly in your name	Better structure for multiple properties
Best for leasehold, single property	Setup: ~\$2,000–5,000 USD
Personal use permitted	Annual compliance: ~\$500–1,500/year

Note: Ayla works with trusted legal partners who specialise in PT PMA formation for property investors. We can facilitate the entire process from company registration to land title transfer.

SECTION 04

Payment Methods

International Bank Transfer

The most common payment method. Developers accept international SWIFT transfers in USD, AUD, GBP, EUR, and SGD. Always use a tracked transfer with a clear reference matching your sale agreement.

Cryptocurrency

Crypto is increasingly accepted — particularly **USDT and USDC** (stablecoins) and BTC/ETH. A growing number of Bali developers offer a **2–5% discount for crypto payment** due to speed and reduced banking friction. Smart contracts are beginning to be used for staged payment escrow, adding transparency and security.

Staged Payment Structure (Off-Plan)

Stage	Milestone	Typical %
1	Signing of sale agreement	30%
2	Structural completion (frame/roof)	30%
3	Handover and title transfer	40%

SECTION 05

Legal: Ownership, Due Diligence & Common Issues

Apartments vs Land (Villas)

The vast majority of Bali investment purchases are land and villa transactions, processed through a PPAT (Land Deed Official) notary and registered with BPN. Key legal documents include:

- **SHM** — Sertifikat Hak Milik (freehold land certificate)
- **SHGB** — Sertifikat Hak Guna Bangunan (building rights certificate for PT PMA)
- **AJB / PPJB** — Sale or lease deed, notarised and witnessed
- **IMB / PBG** — Building permit, required for legal rental operation

Due Diligence Checklist

- Title certificate check — confirming ownership chain and absence of encumbrances
- Zoning verification — land must be zoned for villa/tourism use
- Building permit (IMB/PBG) verification — without this, the property cannot be legally rented
- Environmental permits (UKL/UPL) — required for commercial rental operations
- Developer track record — previous completions, company standing, financial health
- Notary independence — use your own recommended notary, not the developer's

Common Issues

- **Unclear title chains** — family disputes, inherited land with multiple claimants
- **Wrong zoning** — villas built on agricultural land cannot be rented legally
- **No building permit** — makes the property uninsurable and illegally rentable
- **Weak lease agreements** — no renewal clause, ambiguous pricing, missing BPN registration
- **Unverified developers** — off-plan from developers with no track record

The Ayla Method

Every property we present has passed our internal due diligence screen. When you decide to proceed, we conduct a full legal review through our independent notary partners — covering title, zoning, permits, and contract terms. We work with a panel of independent PPAT notaries with whom we have long-standing relationships. Using an independent notary — not the developer's — is non-negotiable for every Ayla client.

SECTION 06

Property Management & Rental Income

Turnkey Management Solutions

Specialist Bali villa management companies handle every aspect of the rental operation on your behalf. You do not need to be in Bali to run a profitable villa.

- Listing and marketing across Airbnb, Booking.com, Villa Finder, and direct channels
- Dynamic pricing optimisation
- Guest communication, booking management, and check-in/check-out
- Housekeeping, laundry, and villa preparation
- Routine maintenance coordination
- Monthly or quarterly owner reporting

Management Fees

Typical management fees are **15–25% of gross rental revenue**, deducted before your payout. After fees, operational costs, and platform charges, most well-located Bali villas net between **10–14% per year** on purchase price.

Insurance & Guest Damage

- **Building insurance** — structural damage, fire, flooding
- **Contents insurance** — furniture, fixtures, appliances
- **Public liability** — guest injury or third-party claims, typically included in management packages
- **Guest damage** — management companies collect security deposits; significant damage covered by management insurance pool

Getting Paid

As an overseas investor, receiving your rental income is straightforward. Options include:

- **International bank transfer (SWIFT)** — available in USD, AUD, GBP, EUR, SGD
- **Cryptocurrency payouts** — typically USDT or USDC via progressive management companies

Payment frequency: most operators pay monthly (15–30 days after month-end) or quarterly. Some off-plan developers offer guaranteed rental income for the first 1–3 years (typically 8–12% net), de-risking the ramp-up period.

SECTION 07

Tax Considerations

Indonesian Rental Income Tax

Indonesia applies a **10% final withholding tax** on gross rental income earned by non-residents. This is typically deducted and remitted to DJP by your property management company. Via PT PMA, the company is subject to standard corporate income tax (22% on net profit).

Capital Gains on Sale

Sellers pay a **2.5% final income tax** on the gross transaction value — a flat rate regardless of profit. No separate capital gains tax applies. This is significantly lower than most Western jurisdictions.

Home Country Obligations

Rental income earned in Bali is usually also taxable in your country of residence. Indonesia has double taxation agreements (DTAs) with Australia, the UK, Singapore, and many other countries — meaning Indonesian withholding tax paid can usually be credited against your home country liability.

Note: Tax rules vary significantly by country and individual circumstance. We strongly recommend consulting a tax advisor in your home country. Ayla can refer you to advisors who specialise in cross-border property investment.

SECTION 08

The Buying Process & Timeline

Most clients go from initial call to signed agreement in **4–10 weeks**.

01	Discovery Call A free 30-minute consultation to understand your goals, budget, and timeline. We'll tell you honestly whether Bali is the right fit.
02	Property Selection Within one week, we present a shortlist of pre-vetted properties. We access off-market and off-plan deals not publicly listed.
03	Due Diligence 2–4 weeks of title checks, zoning verification, permit audit, and developer background checks via our independent notary partners.
04	Legal & Contract Sale agreement review, negotiation of final terms, and notarised signing. Remote signing is possible via power of attorney.
05	Payment & Handover Staged payments tied to construction milestones (off-plan) or single payment (completed villas). Title registered with BPN on completion.
06	Management Setup We introduce you to our vetted management partners. Your villa is listed, staffed, and ready to generate income within weeks of handover.

Ready to Invest in Bali?

Book a free 30-minute consultation with the Ayla Property team.
We'll discuss your goals and have options in front of you within a week.

www.aylaproperty.com

Book via the website or email hello@aylaproperty.com

This guide is for informational purposes only and does not constitute legal, financial, or tax advice. Always seek independent professional advice before making any investment decision. Property values and yields are indicative and based on market data current at time of publication. Ayla Property is not responsible for decisions made based solely on this document.