



YIELDS · HOTEL LICENSING AND RETURNS

Boutique hotel investment in Bali: licensing, costs and returns

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A foreign investor can own a small Bali hotel outright, but only if the license matches the business. Get the entity and the room count wrong, and the whole project sits outside the law before the first guest checks in.

Read online: <https://riserealbali.com/guides/boutique-hotel-investment-bali/>

IN SHORT

An 8-room boutique hotel on 500 m² costs Rp 4.0–6.0 billion to build at a built-to-let finish, before land or permits. Foreign investors need a PT PMA and, in most cases, a star-hotel license (KBLI 55111–55112) for full ownership; the homestay code most guides mention is reserved for Indonesian citizens. On our model, payback runs 3.4–5.5 years depending on occupancy.

**Rp 8–12
mn/m²**

built-to-let construction cost,
mid-tier finish

100%

foreign ownership ceiling
for a licensed star hotel via
PT PMA

67.29%

Bali star-hotel occupancy,
July 2026 (BPS)

10%

top PBJT rate on
room revenue

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What a small hotel costs to build

Bali contractors quote hotel construction by the square meter, not the room. Four finish tiers cover the range, and the gap between the cheapest and the most polished runs close to three times.

A basic shell starts at Rp 6–8 million per m², fine for a budget guesthouse but thin for a paying guest who picked Bali over a hostel. A built-to-let tier, the realistic floor for anything marketed as boutique, runs Rp 8–12 million. Premium finishes reach Rp 12–15 million, and a full international-branded standard climbs past Rp 15 million.

That's the shell alone. Land, permits and furniture sit outside it, and on Bali's south coast the land line often costs more than the building.

Construction budget for a 500 m² hotel, by finish tier

TIER	RP PER M ²	BUDGET ON 500 M ²
Basic shell	6–8 mn	Rp 3.0–4.0 bn
Built-to-let	8–12 mn	Rp 4.0–6.0 bn
Premium	12–15 mn	Rp 6.0–7.5 bn
International branded standard	15 mn+	Rp 7.5 bn+

Source: Rumavi, Bukit Vista and Sammastudio, consolidated Bali construction-cost ranges, 2026

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The license that trips up foreign investors

Most write-ups about small Bali hotels point to KBLI 55130, pondok wisata, a homestay format capped at five bedrooms and built for local economic development. It's a clean, fast license. It's also reserved for Indonesian citizens, full stop. A PT PMA can't hold it, and routing it through a nominee is void under Article 26(2) of the Basic Agrarian Law. Bali's own Provincial Regulation 4/2026 closes that workaround harder still.

For a foreigner, the entity has to be a PT PMA, and the license has to match a real hotel classification, not a homestay. Star-hotel codes, KBLI 55111 through 55112, are open to full foreign

ownership under Indonesia's Positive Investment List (Presidential Regulation 10/2021). Lower-tier lodging categories, including one-star and budget classifications, sit on the list of business lines set aside for partnership with Indonesian small enterprises, so a 100%-foreign structure won't clear those.

There's a practical middle path many small operators use instead: license the property as serviced villas (KBLI 55193) rather than as a hotel. That keeps the room count, the branding and the guest experience boutique while sitting inside a code that's genuinely open to a foreign-owned company. Confirm the exact code against your business plan before you design the building, not after.

Room-count minimums for star classification were dropped years ago; a small, well-run property can qualify on service and facility criteria rather than a fixed door count (Ministry of Tourism Regulation PM.53/HM.001/MPEK/2013).

Source: kbli.co.id business classification registry, 2026; Presidential Regulation 10/2021 (Positive Investment List); Sah News, business classification explainer, 2026

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Setting up the entity

A PT PMA registered through OSS needs paid-up capital of at least Rp 2.5 billion. It also needs an investment plan above Rp 10 billion per business code and location, land and buildings excluded, under BKPM Regulation 5/2025 from October 2025. For a hotel project sized like the one in this guide, that capital floor usually sits well under the construction budget, so it isn't the binding constraint. Getting the KBLI code right before you incorporate is.

The company holds a right to build (HGB) on the land, running up to 80 years in stages under state-land rules, never freehold. Profit inside the company is taxed at the standard 22% corporate rate, and dividends sent home carry 20% withholding unless a tax treaty lowers it.

Source: BKPM Regulation 5/2025; Income Tax Law 7/2021

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The permit chain once the entity is right

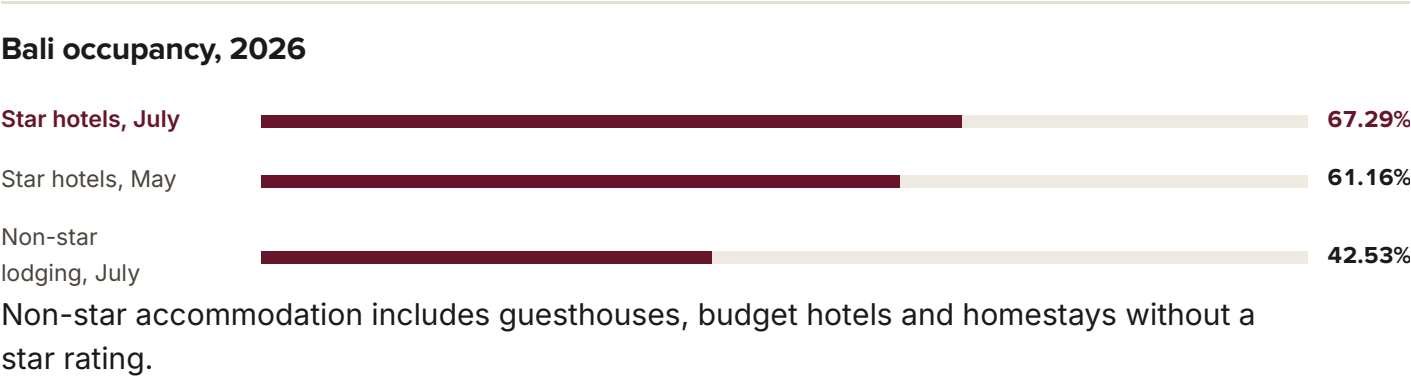
Four approvals run in sequence, and skipping one blocks the next. PKKPR confirms the land sits in a zone that allows commercial use. PBG is the building approval. SLF certifies the finished building is safe to occupy, and legally no guest checks in before it's issued. The operating license, filed through OSS and carrying an NIB business number, authorizes the hospitality activity itself, separate from the building.

SLF takes longer than most schedules assume, often weeks past the contractor's handover date. Build that slack into your opening date, not your marketing calendar.

What occupancy actually looks like

Bali's star-rated hotels ran 67.29% occupancy in July 2026, up from 61.16% in May and 64.87% in June, Indonesia's national statistics agency reported. Non-star accommodation, the bracket closer to an independent boutique property without a chain's booking engine, sat at 42.53% the same month.

Read the gap correctly. Branded hotels pull rooms through loyalty programs and corporate contracts that a new independent property doesn't have yet. Model your first year closer to the non-star figure and treat the star-hotel number as a ceiling you grow into, not a starting assumption.



Source: BPS-Statistics Indonesia, Bali Province, tourism press releases, monthly, 2026

The tax bite: revenue tax first, profit tax second

Room revenue carries PBJT, a regional tax capped at 10% under Law 1/2022. Badung, where most south-coast hotels sit, charges the full 10% under its own Perda 7/2023. It's charged on what the guest pays, before any deduction for costs, so it belongs in the model as a top-line item, not a footnote.

Bali collected Rp 6 trillion in PBJT in August 2026 alone, up 12.4% year on year and more than 45% of the province's total budget revenue that month. On top of PBJT, the PT PMA pays 22% corporate tax on what's left after expenses, and 20% withholding if profit leaves the country as a dividend.

10%	Rp 6 tn	+12.4%
maximum PBJT on room revenue, Badung	PBJT collected across Bali, August 2026	growth in that collection, year on year

Source: klikpajak.id and balipajak.com, citing Law 1/2022 and Badung Perda 7/2023; Antara News Bali, August 2026 data

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A payback model on eight rooms

No official payback figure exists for a Bali boutique hotel; every number you'll find online belongs to a consultant selling design or construction services. Here's ours, with every assumption named so you can swap in your own.

Take an 8-room, built-to-let property at Rp 4.95 billion, the midpoint of the tier above, land excluded. Assume an average daily rate of Rp 1.24 million, in line with what a well-reviewed independent boutique property earns on Booking and Airbnb in Canggu or Uluwatu. After operating costs, management and the taxes above, assume the property keeps half its revenue, a conservative planning number, not an industry benchmark.

Payback on Rp 4.95 bn, three occupancy scenarios

OCCUPANCY	REVENUE A YEAR	AFTER COSTS AND TAX	PAYBACK
50%	Rp 1.81 bn	≈ Rp 0.90 bn	≈ 5.5 years
65%, summer 2026 level	Rp 2.35 bn	≈ Rp 1.18 bn	≈ 4.2 years
80%	Rp 2.89 bn	≈ Rp 1.45 bn	≈ 3.4 years

This illustrates the mechanics; it isn't a forecast for your project. Your own ADR, cost structure and tax exposure will move every one of these lines.

Source: Our calculation, built on the construction tiers above and BPS occupancy data; not investment advice

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What operators underestimate

The building budget is the easy half of the model to get right. Projects usually fall behind on management after opening, not during construction.

Usually in the plan

- front-desk staff or a management company
- marketing spend and booking-channel commission
- a cash reserve for the low season
- swapping out furniture and equipment every three to five years

Usually missed

- how much time SLF actually takes once construction wraps up
- the seasonal swing in occupancy across the calendar year
- delisting risk on booking platforms without a verified NIB after August 1, 2026
- PBJT is a tax on revenue, not on profit

Source: Rise Real Bali review of small accommodation launches on Bali; NIB deadline is site canon under current regulation

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Run the numbers against a real site

Land cost, zoning and the right KBLI code all move the model more than the finish level does. Send us a plot or an existing building and we'll check the classification before you commit to a design.

Browse the areas where hospitality demand is strongest, or start from the full catalog if a serviced-villa structure fits your plan better than a hotel license.

What this means for buyers

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- 01 A 500 m² built-to-let hotel costs Rp 4.0–6.0 billion to build, before land or permits.
 - 02 The homestay code (KBLI 55130) is for Indonesian citizens only; a foreign-owned PT PMA needs a star-hotel code or a serviced-villa license instead.
 - 03 Star-hotel occupancy hit 67.29% in July 2026, but a new independent property should model closer to the 42.53% non-star figure in year one.
 - 04 PBJT takes up to 10% of revenue before any cost is deducted, and corporate tax takes 22% of what's left.
-

FAQ

Can a foreigner own a boutique hotel in Bali?

Yes, through a PT PMA holding a proper hotel license. The homestay code (KBLI 55130) many small operators start with is reserved for Indonesian citizens; a foreign-owned company needs a star-hotel classification (KBLI 55111–55112) or a serviced-villa license (KBLI 55193) instead.

How much does it cost to build a small hotel in Bali?

A 500 m² building runs Rp 3.0–4.0 billion in a basic finish, Rp 4.0–6.0 billion built-to-let, and Rp 6.0–7.5 billion at a premium standard, before land, permits or furniture (Rumavi, Bukit Vista, Sammastudio, 2026).

What permits does a hotel need before it can open?

PKKPR for zoning, PBG to build, SLF to certify the finished building is safe to occupy, and an OSS-issued operating license carrying an NIB business number. No guest can legally check in before SLF is issued.

How long does a small hotel take to pay back?

On our model for an 8-room, Rp 4.95 billion property, payback runs from about 3.4 years at 80% occupancy to about 5.5 years at 50%. This is an illustration of the mechanics, not a guarantee for a specific site.

What tax does a Bali hotel pay on room revenue?

Up to 10% PBJT on gross room revenue, charged before costs, plus 22% corporate income tax on the PT PMA's profit and 20% withholding if profit leaves Indonesia as a dividend.

How we know this

Construction costs come from a consolidated range across several Bali building consultants, not one official standard; get a quote from your own contractor before committing. Occupancy figures are official BPS-Statistics Indonesia releases for Bali Province. The KBLI ownership analysis follows the Positive Investment List under Presidential Regulation 10/2021 and current business-classification registries; ownership limits can change, and the exact code should be confirmed with a licensed consultant before incorporation. The payback table is our own model with named assumptions (ADR, cost share) and isn't investment advice. Tax figures follow Law 1/2022, Badung's Perda 7/2023 and the Income Tax Law; a local tax adviser should confirm rates for a specific regency before you build.

— Rumavi, Bukit Vista, Sammastudio — consolidated Bali construction-cost ranges, 2026

— kbli.co.id business classification registry; Presidential Regulation 10/2021 (Positive Investment List), 2026

— Emerhub, Bukit Vista, LegalIMP — hospitality licensing chain for Bali accommodation, 2025–2026

— BPS-Statistics Indonesia, Bali Province — tourism and occupancy press releases, 2026

— klikpajak.id, balipajak.com — Law 1/2022 and Badung Perda 7/2023 on PBJT; Antara News Bali, August 2026

— BKPM Regulation 5/2025 on PT PMA capital requirements

Rise Real Bali is a real estate agency in Bali. We write from the deals we handle and from public data, and we name our sources.

By Dmitrii Rogov, Rise Real Bali.

Disclaimer

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