



OWNERSHIP AND TAX · BUYER CHECKLIST

Common mistakes buying property in Bali, and what each one costs

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The same nine mistakes show up in deal after deal on Bali. Each one has a price tag, a legal basis and a check that costs less than the mistake by a wide margin.

Read online: <https://riserealbali.com/guides/common-mistakes-buying-property-in-bali/>

IN SHORT

The costliest Bali buyer mistakes: a nominee land deal, a skipped zoning check, a deposit with no exit terms. A nominee structure is void under Indonesian law, so the buyer loses the land and the money. Walking away from a signed PPJB forfeits at least 20% paid. Legal due diligence runs Rp 8–30 million, far below any of these losses.

100%

of the money lost in a nominee land deal

20%+

of a deposit forfeited on walking away from a signed PPJB

26.1%

of Uluwatu listings sit on restricted zoning (Propertea)

38.92%

actual non-hotel occupancy vs. the 64.87% hotel figure buyers often plug in

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Putting land in someone else's name

The single most expensive mistake is registering land through a nominee, usually a local friend or a spouse's relative, to get around the fact that foreigners can't hold freehold. Article 26(2) of the Basic Agrarian Law (5/1960) makes the transfer void from the start. The land reverts to the state, and the money the buyer paid isn't recoverable. Bali's own Provincial Regulation 4/2026 closes the loophole further, treating the arrangement as a criminal risk, not just a civil one.

The check costs nothing: the name on the certificate or deed has to be the buyer's own, or their PT PMA. Our guide to whether foreigners can buy property in Bali lays out the routes that actually work.

Source: Basic Agrarian Law 5/1960, Article 26; Bali Provincial Regulation 4/2026

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Buying below the price floor for your title

A second version of the same mistake: taking Hak Pakai on a home priced below Bali's registered minimum. Ministerial Decree ATR/BPN 1241/2022 sets that floor at Rp 5 billion for a house and Rp 2 billion for an apartment. Under those figures, the land office won't register the right at all, and the buyer is left with an informal arrangement instead of a title.

The fix is a five-minute check before you fall in love with the property: compare the price against the decree's thresholds. Below them, a long-term lease or a PT PMA structure is what's actually available.

Source: Ministerial Decree ATR/BPN 1241/SK-HK.02/IX/2022, September 2022

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Skiping the zoning check

A sample of 9,495 Badung listings found 9.3% sitting on agricultural, protected or green-belt land, where a building permit simply won't be issued. In Uluwatu, the share jumps to 26.1%, roughly one listing in four. Buy on that land and there's no legal way to make the house right.

Zoning is free to check against Bali's RDTR map on the government's GISTARU portal, before you spend anything on a lawyer. Do it before you fall for the view.

Share of listings on restricted zoning, Badung regency

AREA	SAMPLE SIZE	ON RESTRICTED LAND
Uluwatu	1,118 listings	26.1%
Badung overall	9,495 listings	9.3%
Seminyak	699 listings	0.6%

Source: Propertia analysis of Badung listings against the 2013–2033 RTRW, March 2026

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Buying a finished villa without asking for PBG and SLF

A villa that looks complete isn't automatically legal. PBG is the approval to build; SLF certifies the finished building is safe to occupy. Government Regulation 16/2021 lays out escalating penalties for construction without PBG, from a warning through a stop-work order to sealing the property and, at the far end, demolition.

Ask for copies of both documents and check the address and floor plan against the actual building, not just the file. This belongs inside a lawyer's due diligence package, not a separate step.

Source: Government Regulation 16/2021, Article 45

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Signing a deposit with no exit terms

A preliminary sale agreement (PPJB) can only be signed once construction is at least 20% complete, land rights are confirmed and PBG is in hand, under Government Regulation 12/2021. If the buyer walks away for reasons that aren't the developer's fault, the developer keeps at least 20% of what's been paid. If a bank declines the mortgage instead, the cap drops to 10%.

On a villa priced at Rp 3.5 billion with 30% paid in, that's a minimum of Rp 210 million lost on a simple change of mind. A lawyer's review before the deposit costs a fraction of that, and it catches missing exit clauses before they matter.

Walking away from a PPJB on a Rp 3.5 bn villa, 30% paid

REASON	FORFEITED	AMOUNT
Buyer changes their mind	20%+	Rp 210 mn+
Bank declines the mortgage	up to 10%	up to Rp 105 mn

Source: Government Regulation 12/2021, Articles 22H and 22I; The Indonesian Lawyer, September 23, 2026

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Budgeting off the sale price alone

The advertised price is never the whole bill. On a title transfer the buyer pays BPHTB of up to 5%, after a Rp 80 million allowance. The seller separately pays 2.5% final tax on the sale. A notary and PPAT fee, capped at 1% of the deed value, comes on top.

On a Rp 5 billion house, BPHTB alone runs close to Rp 246 million, plus up to Rp 50 million for the PPAT. A lease usually skips BPHTB entirely, since no title changes hands, but the landowner then owes 10% tax on the lease payment, and your contract should say clearly who carries that.

Source: Income Tax Law 1/2022; Government Regulations 34/2016, 24/2016 and 34/2017

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Modeling income on hotel occupancy

Star hotels in Bali ran 64.87% occupancy in June 2026, according to Indonesia's statistics agency. Non-hotel accommodation, the category a private villa actually belongs to, ran 38.92% the same month, and a year of short-term bookings in Canggu came in at 36.2% through July 2026. Run your numbers off the hotel figure and you overstate revenue by roughly 1.7 times.

A second, related mistake: buying a villa for short-term rental without checking it can be licensed at all. The registration window for a rental license (NIB) closed on March 31, 2026, and booking platforms have been removing unlicensed listings since August 1, 2026. A villa without a path to that license earns zero bookings through the channels that matter.

Occupancy: hotel vs. villa



Hotel and non-hotel figures for June 2026; Canggu covers August 2025 through July 2026.

Source: BPS-Statistics Indonesia, Bali Province, via Bali Post, August 4, 2026; AirROI, Canggu data; Ministry of Tourism briefing, May 20, 2026

Paying inside Indonesia in a foreign currency

Indonesia's currency law (UU 7/2011) requires rupiah for any payment made within the country. Article 33 sets a penalty of up to a year in prison and a fine of up to Rp 200 million for breaking it. It's a rule Western buyers often don't know exists, since paying in a foreign currency is routine at home.

The check is simple: the currency named in the contract and in the payment instructions has to be rupiah. Structuring the transfer correctly is worth ten minutes with your notary before the wire goes out.

Source: Currency Law 7/2011, Articles 21 and 33

Nine mistakes against nine checks

None of these checks costs more than the cheapest of the nine mistakes. Most cost nothing beyond the time to ask.

Cost of the mistake against the cost of catching it

MISTAKE	WHAT IT COSTS	WHAT THE CHECK COSTS
1. Nominee arrangement	100% of funds	Read the name on the certificate
2. Hak Pakai below the price floor	Right won't register	Compare price to Decree 1241/2022
3. No zoning check	House can't be legalized	Check the GISTARU map, free
4. No PBG or SLF	Up to demolition	Included in a lawyer's review
5. Deposit with no exit terms	20%+ of what's paid	Rp 8–30 mn legal review
6. Budget excludes tax	Up to 5%+ of price	Calculate before you negotiate
7. Hotel-rate occupancy model	Revenue overstated 1.7x	Pull your own booking data
8. No rental license	Zero bookings on platforms	Ask for the NIB number
9. Foreign-currency payment	Fine up to Rp 200 mn	Check the currency in the contract

Source: Currency Law 7/2011, Articles 21 and 33; Rise Real Bali summary of the sources cited above

What this means for buyers

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- 01 Book legal due diligence before the deposit: Rp 8–30 million against a forfeit that starts at 20% of what's paid.
 - 02 The name on the certificate or deed has to be the buyer's own, or their PT PMA. No nominees, no exceptions.
 - 03 Model rental income off non-hotel occupancy, around 36–39%, not the hotel figure near 65%.
 - 04 A villa without a path to a rental license won't earn a booking through the platforms that matter.
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FAQ

What's the most expensive mistake buying property in Bali?

Putting land in an Indonesian nominee's name. Article 26(2) of the Basic Agrarian Law voids the transfer outright: the land reverts to the state and the money isn't recoverable. The legal routes are a right-to-use title (Hak Pakai), a long-term leasehold, or purchase through your own PT PMA.

How much do you lose walking away from a developer contract?

Under Government Regulation 12/2021, the developer keeps at least 20% of what's been paid if the buyer withdraws without cause, or up to 10% if a bank declines the mortgage. On a Rp 3.5 billion villa with 30% paid in, that's a minimum of Rp 210 million.

Can a foreigner buy a house in Bali under Rp 5 billion?

Not on a Hak Pakai title. Ministerial Decree 1241/2022 sets Rp 5 billion as the floor for a house and Rp 2 billion for an apartment under that route. Below those prices, a long-term leasehold or a purchase through a PT PMA are the options left.

What occupancy rate should I use to model villa income?

Not the hotel figure. Star hotels in Bali ran 64.87% in June 2026, but non-hotel accommodation, where a private villa sits, ran 38.92%. Canggu short-term rentals came in at 36.2% for the year to July 2026. Using the hotel number overstates revenue by around 1.7 times.

How much does legal due diligence cost before buying in Bali?

Law firms typically quote Rp 8–30 million for a full package, usually one to three weeks. An express land check runs closer to Rp 15 million over about a week. It's a fraction of any of the mistakes it's designed to catch.

How we know this

Legal thresholds and penalties are read from the texts of the Basic Agrarian Law 5/1960, Government Regulations 12/2021, 16/2021, 24/2016, 34/2016 and 34/2017, Income Tax Law 1/2022, Currency Law 7/2011 and Ministerial Decree ATR/BPN 1241/2022. Occupancy figures are official BPS-Statistics Indonesia releases and AirROI's Canggu dataset; the two use different methodologies, and the comparison here is one of order of magnitude, not a precise ratio. The zoning share is a Propertea sample of Badung listings, March 2026, with approximate listing addresses. The deposit-forfeit and closing-cost figures are our own calculation. No developer or law firm is named. This isn't a substitute for a lawyer's review of a specific property.

- Basic Agrarian Law 5/1960, Article 26 — nominee transfers void, land reverts to the state
- Government Regulation 12/2021, Articles 22H and 22I — PPJB conditions and buyer forfeiture
- Ministerial Decree ATR/BPN 1241/SK-HK.02/IX/2022 — minimum home price for foreign ownership, Bali
- BPS-Statistics Indonesia, Bali Province — hotel and non-hotel occupancy, June 2026
- Propertea — zoning analysis of 9,495 Badung listings, March 2026

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.

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