



OWNERSHIP AND TAX · SHARED OWNERSHIP

Fractional ownership in Bali: what a share of a villa actually gives you

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Indonesia has no law written for fractional villas. Each deal combines company law, land law and a contract, so what you hold depends on the pieces used.

Read online: <https://riserealbali.com/guides/fractional-ownership-bali/>

IN SHORT

Fractional ownership isn't a legal category in Bali. A foreigner holds a share through PT PMA company shares, a co-signed leasehold or a contract with an operator, never the land itself. A PT PMA must hold Rp 2.5 billion in paid-up cash. A non-resident who sells shares of a private company pays a final 5% of the price.

Rp 2.5 bn

minimum paid-up capital of a PT PMA (BKPM Regulation 5/2025)

5%

final tax on a non-resident's sale of unlisted Indonesian shares (DGT, PMK 81/2024)

≈ 46

nights a year in a one-eighth share, our arithmetic

36%

of a Rp 7 bn villa's price equals the PT PMA capital floor, our illustration

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What is fractional ownership of a villa in Bali?

It means several people pay for one villa and split the nights, the income or both. We found no Indonesian statute written for that format. Lawyers assemble it from three ordinary tools: company shares, a land lease and a contract between the co-owners. The first question about any offer is therefore simple. What carries your name?

The answer sorts every offer into one of four models. The table shows what each puts on paper and where it can go wrong.

Four ways to hold a share of a villa

MODEL	WHAT CARRIES YOUR NAME	WHAT YOU CAN RELY ON	MAIN CATCH
PT PMA shares	Shares in a company that holds the villa's right	Shareholder rights; liability capped at your shares (Law 40/2007, Article 3)	Company costs, filings and capital rules
Joint leasehold	One of several tenants on the land lease	The lease as written	A lease isn't recorded at the land office; assigning your share needs the landowner's consent
Nights or club contract	A contract for a set number of nights a year	Only what the contract says	No timeshare statute found; you depend on the operator
Token	A digital token from a platform	A contractual claim on the issuer	No right over the land or the villa

Source: Law 40/2007 on Limited Liability Companies, Article 3; Rise Real Bali review of Indonesian statutes; Pagaruyuang Law Journal, vol. 10, no. 1, July 2026

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Can a foreigner own part of a villa in Bali?

Only indirectly. Article 26 of the Basic Agrarian Law (5/1960) keeps freehold for Indonesian citizens and voids a transfer that sidesteps it. A foreigner can't hold land in a local friend's name either; our guide to nominee arrangements explains why that fails. The legal routes are in can foreigners buy property in Bali.

In a PT PMA structure, the villa belongs to the company, and you own shares in it. A shareholder answers only up to the value of those shares. That protects you from the company's debts. It also means you can't sell, mortgage or renovate the villa on your own say-so.

The structure suits a group. Law 40/2007, Article 7, requires a company to have at least two founders, so co-owners meet that test on day one. The same law lets a majority of votes cast decide at shareholder meetings, unless the articles set a higher bar. If you hold a small share, the articles are your protection, so list which decisions need more than a simple majority: sale of the villa, a change of manager, new capital calls.

Source: Basic Agrarian Law 5/1960, Article 26; Law 40/2007, Articles 3, 7 and 87

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What does a PT PMA cost to hold one villa?

BKPM Regulation 5/2025 set the minimum paid-up capital of a PT PMA at Rp 2.5 billion, in cash, from October 2025. It stays locked in the company for 12 months, except for buying assets, building and running costs. The regulation also expects planned investment above Rp 10 billion per KBLI code and project location. Land and buildings normally don't count, though two law firms say property and accommodation can count theirs.

Run that against a villa. A Rp 7 billion villa makes the capital floor about 36% of its price (our illustration). Even with the building counted, one such villa falls short of a Rp 10 billion plan, so lawyers check one-villa structures case by case. Add yearly accounts, tax returns and the quarterly investment report. Our PT PMA guide prices the upkeep.

Bali added a complication in 2026. OSS has rejected new PT PMA applications with a Bali address in low and medium-low risk codes since May. Real estate (KBLI 68111) is on the list of 18 codes reported on July 23, 2026. Companies registered earlier keep their licenses. Read the positive investment list guide, then ask a licensed consultant which code a new holding company can use.

Source: BKPM Regulation 5/2025, via SSEK, A&O Shearman, Emerhub and Withers, October 2025; Antara Bali, July 23, 2026; Emerhub, 2026; Rise Real Bali calculation

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How are nights and costs split between co-owners?

By arithmetic first, then by contract. Take a Rp 7 billion villa. A one-eighth share costs Rp 875 million and carries about 46 nights a year. Peak weeks aren't worth the same as February, so the calendar has to say which nights are yours.

Costs come on top of the price: the company's accountant and filings, the manager's fee, utilities and repairs. Our guide to management fees shows how managers charge. Settle six points in writing before you pay: the night calendar, the vote needed for repairs, the reserve (a sinking fund covers

pumps and furniture), what happens when a co-owner stops paying, who can replace the manager, and which law and court govern disputes.

One Rp 7 bn villa, shared (our illustration, before company and management costs)

SHARE	PRICE	NIGHTS A YEAR
1/8	Rp 875 mn	about 46
1/4	Rp 1.75 bn	about 91
1/2	Rp 3.5 bn	about 182

Source: Rise Real Bali calculation on a hypothetical Rp 7 bn villa

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Are tokenized villa shares real ownership?

No. A 2026 study in the Pagaruyuang Law Journal concludes that a property token is not an absolute real right but a contractual personal right against the issuer. It shows economic benefit, not title to land. If the issuer fails, the token doesn't give you the villa to fall back on.

The rules are still moving. The financial regulator OJK is drafting a regulation on tokenizing real-world assets, targeted for the third quarter of 2026, and we haven't seen a final text. Before you buy a token, ask who the issuer is, what legal right sits behind it and what you get if the platform closes.

Source: Pagaruyuang Law Journal, vol. 10, no. 1, July 2026; Ajaib and Kontan, on the OJK real-world-asset tokenization rule, 2026

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How do you sell a fractional share, and what tax applies?

Start with the company's articles of association. Article 57 of Law 40/2007 lets them require you to offer shares to the other shareholders first. If they pass within 30 days, you may offer a third party. A company organ that stays silent for 90 days counts as consenting. The pool of buyers is small, so selling a share usually takes longer than selling a whole villa.

The tax is a flat cut. A non-resident selling unlisted Indonesian shares pays a final withholding of 5% of the sale price: 20% on a deemed profit of 25%. A tax treaty can remove it only where Indonesia has no taxing right. Price also follows the remaining lease term, since each year used leaves less to sell, which our lease run-off entry explains. For a leasehold co-owner, the landowner's consent governs the sale. See selling a villa in Bali for the whole-villa case.

Source: Law 40/2007, Articles 57–58, via Hukumonline and Pasal.id; Directorate General of Taxes, Article 26 income tax; IKPI on PMK 81/2024, Article 238, 2025

Fractional, whole villa or managed apartment: how do they compare?

A whole villa gives full control of dates and repairs, and it needs the full sum. A managed apartment hands decisions to an operator. A fraction sits between: you share costs and decisions, and you pick up company rules and a narrow resale market.

If you want income without sharing a calendar, run your numbers through the yield calculator first. To see what a whole villa costs, browse our property listings. The rent-or-buy guide sets out the five-year numbers.

Source: Rise Real Bali comparison

What this means for buyers

- 01 Ask what carries your name: a share, a lease interest or only a contract. Everything else follows from that.
- 02 The company's capital floor is Rp 2.5 billion, about 36% of a Rp 7 bn villa, plus yearly company costs the co-owners share.
- 03 A token is a claim on its issuer, not title to land or a villa.
- 04 Fix the calendar, repair votes, reserve fund and exit rules in the agreement before you pay. A non-resident sale of shares costs a final 5%.

FAQ

Can a foreigner buy a fraction of a villa in Bali?

Yes, but only indirectly. A foreigner can't hold freehold land, so a share runs through PT PMA company shares, a co-signed leasehold or a contract with an operator. The villa belongs to the company or the landowner, not to you. Check what carries your name before you pay.

Is fractional villa ownership legal in Indonesia?

There is no dedicated fractional-ownership statute that we found, but the building blocks are legal: company shares, land leases and contracts. The structure decides your rights. A properly set up PT PMA gives shareholder rights, while a token or a nights contract gives only a claim on the other party.

How much does a share of a villa cost in Bali?

It follows the villa's price. On a Rp 7 billion villa, a one-eighth share is Rp 875 million for about 46 nights a year, and a quarter is Rp 1.75 billion for about 91 nights (our illustration). Company setup, accounting and management costs come on top, and the co-owners share them.

What tax applies when you sell a share in a PT PMA?

A non-resident selling unlisted Indonesian shares pays a final withholding of 5% of the sale price, which is 20% on a deemed profit of 25%. A tax treaty can remove it only where Indonesia has no taxing right. Ask a tax adviser to check your country's treaty before you set a price.

Are tokenized Bali villas real ownership?

No. A 2026 study in the Pagaruyuang Law Journal concludes a property token is a contractual claim against its issuer, not a right over land or the villa. The regulator OJK is still drafting rules for real-world-asset tokens. Ask who issues the token and what happens to your claim if the issuer fails.

How we know this

Capital rules come from BKPM Regulation 5/2025, read through four law-firm summaries. Three say the Rp 2.5 billion applies per company, one reads it per business activity, so we follow the majority and flag the point. Whether land and buildings count toward the Rp 10 billion plan also differs between firms. The 5% share-sale tax comes from the tax directorate's own page and an IKPI note on PMK 81/2024. Share-transfer steps come from Law 40/2007 as explained by Hukumonline. The villa price, nights and the 36% figure are our own arithmetic on a hypothetical Rp 7 billion villa, not an offer of shares. We found no Indonesian statute for fractional or timeshare ownership, which is our own search result, not a legal opinion. Have a lawyer review any structure.

— Basic Agrarian Law 5/1960, Article 26

— Law 40/2007 on Limited Liability Companies, Articles 3, 7, 57–58 and 87

— BKPM Regulation 5/2025 on risk-based licensing, issued October 1, 2025

— Directorate General of Taxes, Article 26 income tax for foreign taxpayers; PMK 81/2024, Article 238

— Pagaruyuang Law Journal, vol. 10, no. 1, July 2026, legal status of property tokens

— Antara Bali, 18 business fields closed to new PMA in Bali, July 23, 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.

By Dmitrii Rogov, Rise Real Bali.

Disclaimer

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