TAX · RENTAL INCOME

Rental income tax in Indonesia: PPh 26, the old PHR and who pays each one

September 25, 2026 · 8 min read · **Ownership and tax**

If you live abroad and rent out a Bali villa, Indonesia takes 20% of the gross rent before you see a rupiah of it. Guests pay a separate 10% regional tax on top, and your home country's tax treaty changes neither.

Read online: https://riserealbali.com/guides/indonesia-rental-income-tax/

IN SHORT

A non-resident owner pays 20% withholding tax (PPh 26) on gross rent from a Bali property, with no deductions and no treaty relief. An Indonesian tax resident leasing long term pays a final 10% under PP 34/2017. Nightly lets also carry a 10% regional tax (PBJT, formerly PHR) that the guest pays.

20%
PPh 26 on gross rent for a non-resident owner

10%
final tax on a long-term lease for a resident

10%
PBJT on nightly stays in Badung, paid by the guest

15th
of the next month, the payment deadline

IN THIS REPORT

01 / 07

Two taxes, charged by two governments

Rent from a Bali villa carries two separate taxes. Jakarta levies income tax on what the owner earns. The regency levies PBJT, a tax on accommodation that the guest pays on top of the nightly rate. One doesn't replace the other, and on a nightly let you face both.

PBJT is what used to be called PHR, the hotel and restaurant tax. Law 1/2022 folded PHR into a broader tax on specific goods and services and capped the accommodation rate at 10%. Badung charges the full 10% under Perda 7/2023, and the list explicitly covers villas and private homes used as hotels. Because a nightly stay carries PBJT, VAT doesn't apply to it.

Which tax applies to your rental

YOUR SITUATION	INCOME TAX	REGIONAL TAX	WHO HANDS IT OVER
Non-resident, any kind of letting	20% of gross (PPh 26)	10% PBJT if nightly	The Indonesian payer withholds
Resident, long-term lease	10% final (PPh 4(2))	None	Corporate tenant, or you
Resident, nightly lets	Business income (see below)	10% PBJT	You, monthly
Villa held by a PT PMA	22% on profit	10% PBJT if nightly	The company

Source: Law 1/2022 (HKPD); Perda Badung 7/2023; PP 34/2017; Income Tax Law, Article 26; PMK 70/2020, Article 6

02 / 07

PPh 26: why non-residents pay 20%

PP 34/2017 sets its 10% final rate for residents and permanent establishments. An owner who lives abroad falls under Article 26 of the Income Tax Law instead, which takes 20% of the gross amount. Rent appears on the list of income it covers. Ortax set out this reading on June 19, 2026, and PwC's Indonesia tax summary lists the same 20%.

Your tax treaty won't help here. Under Article 6 of the treaties Indonesia has signed, including those with the United States, Australia, the United Kingdom and Singapore, income from immovable property may be taxed where the property sits. The treaty lets your home country credit the Indonesian tax. It doesn't cut the Indonesian rate.

Rp 180 mn	**Rp 90 mn**	**0**
PPh 26 on Rp 900 mn of gross rent	the same villa let long term by a resident	deductions allowed under PPh 26

Source: Income Tax Law, Article 26; Ortax, June 19, 2026; PwC Worldwide Tax Summaries, Indonesia, June 11, 2026; our example

03 / 07

Residents: long leases and nightly lets aren't taxed alike

Rent a villa to a tenant for a year or more and, as a resident, you pay a final 10% of the gross amount. Nothing is deductible, and once you pay it, you're done.

Nightly lets are less settled. DDTC's reading, published August 12, 2024, is that a lodging service isn't rent of a building, so it falls outside the 10% final rate and counts as business income. A resident individual could then use the 0.5% turnover tax, which PP 20/2026 made permanent from April 22, 2026, with the first Rp 500,000,000 of yearly turnover exempt. Airbnb's 2024 host tax guide for Indonesia mentions both the 10% and the 0.5% rates.

We don't pick between the two readings for you. If you'll be a resident and let nightly, get a written opinion from a registered tax consultant before the first booking, and model your yield on the 10% until you have it.

> A long lease can never use the 0.5% turnover rate. The tax office's help desk confirmed on November 17, 2025, as reported by DDTC, that rent of land or buildings stays on the 10% final tax.

Source: PP 34/2017; PP 20/2026; DDTC, August 12, 2024 and November 17, 2025; Airbnb, Indonesia tax guide for hosts, 2024

04 / 07

What "price excluding tax" means in a lease

Listings for long-term rentals often say "excl. tax". It means the tax goes on top. A villa at Rp 20,000,000 a month excluding tax costs the tenant Rp 22,000,000 at the 10% rate if the tenant bears it.

Disputes also come up over the base. PP 34/2017 counts service charges, maintenance, cleaning and security as part of the gross rent, even when the contract bills them on a separate line. Splitting the payment into "rent" and "services" doesn't shrink the tax. Write into the contract who pays the tax, at what rate, and whether the stated figure includes it.

Source: PP 34/2017; DDTC on service charges in the rental base

05 / 07

Who withholds, and the monthly deadlines

If your tenant is a company, a permanent establishment, a government body or a foreign representative office, the tenant withholds the tax and pays it for you. An individual tenant doesn't, so the duty stays with you as the landlord. For a non-resident owner whose villa is run by a local management company, the company that pays out your share withholds the 20% and should give you the withholding slip (bukti potong).

Under PMK 81/2024, tax withheld in one month is due by the 15th of the next and reported through e-Bupot by the 20th. Everything runs through the Coretax system, live since January 1, 2025. Annual returns are due March 31 for individuals and April 30 for companies. Filing late costs Rp 100,000 for a person and Rp 1,000,000 for a company, and late payment accrues interest at the reference rate plus 5%, divided by 12, for each month.

01 **Settle your residency**

It decides 20% or the resident regime.

02 **Name who withholds**

Put it in the lease or the management agreement.

03 **Pay by the 15th**

For income received the month before.

04 **Report by the 20th**

Through e-Bupot in Coretax.

05 **Keep every slip**

Your home tax office will want them for the credit.

Source: PMK 81/2024, Article 94; DDTC, May 6, 2024; Law on General Tax Provisions (KUP), Articles 7 and 9

06 / 07

Airbnb doesn't pay any of it for you

Booking platforms don't collect PBJT or income tax for Indonesian hosts. Airbnb's page on responsible hosting in Indonesia says the host registers for a regional tax number (NPWPD) and pays PBJT to the regency each month. Airbnb does charge VAT on its own service fee, at an effective 11% since January 2025.

A single villa is nowhere near the Rp 4,800,000,000 turnover that obliges you to register for VAT, and accommodation under PBJT is outside VAT anyway. The threshold matters to a management company running a portfolio. The government has floated lowering it, but no regulation has changed it yet.

Source: Airbnb, Responsible hosting in Indonesia; Airbnb Indonesia tax guide, 2024; PMK 131/2024; PMK 81/2024

07 / 07

What this does to your yield

Take a two-bedroom villa in Canggu grossing Rp 900,000,000 a year from guests, net of PBJT. A non-resident owner loses Rp 180,000,000 of that to PPh 26 before paying management, platforms, staff or repairs. On a villa priced at Rp 5,000,000,000, that one line costs 3.6 points of gross yield.

When we rebuild a developer's yield model, two lines are missing most often: the regional tax and the non-resident rate. Our rental yield guide shows the full path from gross to net, and the property tax guide covers purchase, ownership and sale.

To see what a villa returns after tax for you, pick one from the catalog or compare areas. We'll run the numbers at your residency status before you commit.

Source: Our calculation, an illustrative villa at Rp 5 bn with Rp 900 mn gross revenue

What this means for buyers

01 A non-resident owner pays 20% of gross rent under PPh 26, with no deductions and no treaty relief.

02 A resident on a long-term lease pays a final 10%. Nightly lets by residents are treated differently, so get a written opinion.

03 Guests pay 10% PBJT on nightly stays in Badung, and the host remits it each month.

04 Airbnb and other platforms don't pay Indonesian tax for the host.

05 Service charges and maintenance count toward the rental base, even on a separate line.

FAQ

How much tax does a foreigner pay on rental income in Bali?

A non-resident pays 20% withholding tax (PPh 26) on the gross rent, with no deductions. An Indonesian tax resident leasing long term pays a final 10% under PP 34/2017. Nightly lets add a 10% regional tax that the guest pays.

Does a tax treaty reduce Indonesian tax on rent?

No. Under Article 6 of Indonesia's treaties, Indonesia keeps the right to tax rent from a villa here at its own rate. The treaty lets your home country credit the Indonesian tax against yours.

What is PHR tax in Bali?

PHR was the regional hotel and restaurant tax. Law 1/2022 replaced it with PBJT, which Badung charges at 10% on hotels, villas and private homes let by the night. The guest pays it on top of the rate.

Does Airbnb pay tax for hosts in Indonesia?

No. The host registers for a regional tax number and pays PBJT monthly, and handles income tax too. Airbnb charges VAT only on its own service fee.

When is rental tax due in Indonesia?

You pay one month's tax by the 15th of the next month and report it by the 20th in the Coretax system. Individuals file an annual return by March 31, companies by April 30.

How we know this

Rates and deadlines come from PP 34/2017, Article 26 of the Income Tax Law, PMK 81/2024, PP 20/2026, Law 1/2022 and Perda Badung 7/2023. Each was checked against at least two Indonesian tax publications (DDTC, Ortax, the tax office's own pages) or PwC. How nightly lets by residents are taxed isn't settled: DDTC and Airbnb's 2024 guide read it differently, and we set out both. Airbnb's role comes from its own Indonesian host pages. The Canggu example is our calculation, not a forecast. This isn't tax advice.

— Government Regulation No. 34 of 2017 on income tax on the rental of land and buildings

— Income Tax Law, Article 26; Ortax, analysis of PPh 26 on rent, June 19, 2026

— PMK 81/2024 on tax administration under Coretax, Article 94

— Government Regulation No. 20 of 2026 on the final tax on small business turnover; DDTC, August 12, 2024 and November 17, 2025

— Law No. 1 of 2022 (HKPD); Perda Badung No. 7 of 2023 on regional taxes

— Airbnb, Responsible hosting in Indonesia, and Airbnb Indonesia tax guide for hosts, 2024

— PwC Worldwide Tax Summaries, Indonesia, withholding taxes, June 11, 2026

By Dmitrii Rogov, Rise Real Bali.

Disclaimer

This guide is for information only. It is not an offer, not personal investment advice and not a promise of income. Yield figures are our estimates on the assumptions stated in the text; the actual result depends on the market, management, seasonality and changes in the law. Prices, layouts and terms can change without notice and are not part of any contract. Check the documents, the ownership structure and the tax load with an Indonesian lawyer and tax adviser before you pay a deposit. Prices are in Indonesian rupiah (IDR, Rp), as Law No. 7 of 2011 on Currency and Bank Indonesia Regulation No. 17/3/PBI/2015, Article 11, require. Full disclaimer: https://riserealbali.com/legal/disclaimer/

Questions about this guide?

Message us on WhatsApp: +62 812 3769 2133 · wa.me/6281237692133
This guide online: riserealbali.com/guides/indonesia-rental-income-tax/