

BUYER'S GUIDE · 2026 EDITION

Buying property in Bali as a European — *the 2026 guide*

Leasehold, zoning, permits and the 12 checks to make before you pay

PRANA QUIET · VIRGIN BEACH, EAST BALI

KARANGASEM

Why buyers are looking at Bali again, and why the rules got stricter

Bali has drawn Europeans for decades: a warm climate all year, a living culture, good food, and a cost of living that still compares well with Western Europe. After the pandemic years, remote work and longer stays made the island interesting again, not only as a holiday destination but as a second home, and for some as a place to spend part of every year.

Interest in the island's quieter east coast has grown alongside it. Places such as Virgin Beach in Karangasem offer black-sand coves, mountain views and far fewer crowds than the busy south.

What changed in 2025–2026

Alongside the demand came a problem the authorities could no longer ignore: villas built on land where tourism use was never allowed, structures without building approval, businesses renting rooms without a licence, and foreigners holding property through local "nominees" – a local person who is the legal owner on paper while the foreigner pays and uses the property.

In 2025 and 2026 the Indonesian and Balinese authorities stepped up enforcement. In general terms this means:

- closer attention to illegal villas and to zoning rules, including action against buildings in the wrong land-use zone;
- stricter scrutiny of nominee schemes, which were never legal for foreign buyers;
- more consistent licensing expectations for short-term rental businesses, which must be registered.

> **What this means for you.** Tighter rules are uncomfortable for projects that cut corners. For a buyer who checks the paperwork, they are good news: a property with correct land status, zoning, permits and licences is easier to defend, to insure, to rent and, later, to resell. This guide explains what those papers are and in what order to ask for them.

How to use this guide

Sections 02 to 06 and 08 explain the topics in plain language. Section 07 is the one-page checklist of twelve checks. Section 09 shows how one project, Prana Quiet, answers them, so you can compare any developer against the same list, including us.

Disclaimer. This guide is general information, not legal or tax advice. Always use your own independent lawyer/notary. Rules and procedures change; confirm everything against current regulations before you commit.

How a foreigner can hold property in Bali

The first question is not "which villa" but "what exactly will I own?". The answer shapes everything else.

Leasehold (hak sewa)

The most common route for private buyers is a lease. The land belongs to an Indonesian owner (the lessor). You, the lessee, pay for the right to use it, and to build on it or use what has been built, for a fixed period. Typical terms in Bali are 25 to 30 years.

The details of the lease matter more than the headline number of years. Look closely at the **extension clause**:

- **Is there one at all?** A right to extend is worth much more than a verbal promise. Also check what kind: a priority right at market price at the time is not the same as a fixed price.
- **Price or formula.** The extension should state a price, or a clear method for calculating it, so it cannot be set freely later.
- **Notarised.** The lease should be drawn up by a notary, not only signed between the parties.
- **Registered.** Ask your lawyer how the lease and its extension are recorded, and whether the lessor's title is clean.

Freehold is not available to foreigners

Foreign individuals cannot hold freehold title (hak milik) in Indonesia. If someone offers you "freehold", treat it as a warning sign and ask exactly what legal structure stands behind the offer.

Nominee arrangements: avoid

In a nominee arrangement a local person holds the title on your behalf, often backed by side agreements. These structures are not legal for foreign buyers, and they carry real risk: the nominee, not you, is the registered owner, and side documents may not be enforceable. Authorities have been paying more attention to them.

PT PMA (foreign-owned company)

A PT PMA is an Indonesian company with foreign shareholders. It can hold certain rights over land and run a business such as a rental operation. It may make sense for larger projects or if you plan to run a real business. It has capital requirements, ongoing accounting and reporting obligations, and costs. For a single holiday villa, many buyers find a well-documented leasehold simpler. A tax adviser and lawyer can tell you which fits your case.

> **Short version.** Leasehold with a notarised, registered lease and a clear extension clause is the straightforward legal route. Be wary of anything that promises more than that.

Zoning and permits: the papers behind the villa

Zoning: pink zone and green zone

Bali's spatial plan divides land into zones. Two matter most to a buyer who wants a holiday home or rental:

Pink zone (tourism)

Land designated for tourism use: villas, hotels and accommodation. This is the zone in which a rental villa belongs.

Green zone (agricultural)

Rice fields and farmland, where building is heavily restricted. A tourist villa here is a red flag, especially if you plan to rent it out.

Beautiful rice-field views are often the reason the green zone is tempting. Ask who has confirmed that the land may legally carry the building and the use you have in mind.

KKPR (the spatial-use conformity confirmation) is the document that shows a planned use fits the zoning. Ask to see it, and have your lawyer verify it, not just accept a copy.

Permits: building and occupation

DOCUMENT	WHAT IT IS
PBG	Building approval (persetujuan bangunan gedung). It replaced the older IMB. It confirms that the building design is approved to be built on that plot.
SLF	Certificate of fitness for occupation (sertifikat laik fungsi). Issued after construction, it confirms that the finished building matches the approved plans and is safe to use. For an off-plan project, ask for the planned timing and process.
OSS / business licence	Short-term rental is a business activity and should be registered through the national OSS system, with the appropriate licence for the type of accommodation. Ask who holds it: the developer, the manager or you.

A useful habit. For each document ask four things: who issued it, in whose name, for which land and building, and is it current. Then give copies to your own lawyer.

Buying before it is built: risks and how to manage them

Off-plan purchases are common in Bali, and often cheaper than finished villas. You pay before you can see the result, so the protections must be on paper and in the payment structure.

1. Payments tied to construction

A healthy schedule releases money as work is completed, for example foundation, structure, roof, finishing, handover, not on calendar dates alone. Be cautious of requests for most of the price up front.

2. Progress you can verify

- Written progress reports with dated photos, ideally at each payment stage.
- The right to inspect the site, personally or through an independent surveyor or engineer.
- A clear construction timeline with milestones.

3. A contract that says what happens when things go wrong

- **Delay clause.** Handover date, a grace period, and what you are entitled to if it is missed (compensation, right to withdraw, refund terms).
- **Specification.** Floor area, finishes, pool, furniture and equipment described in an annex, not only in a brochure.
- **Change control.** What happens if the developer changes the design or materials.

4. Who holds the money?

Ask where your payments go: a developer's operating account, a notary or lawyer's account, or an escrow-type arrangement. Ask what happens to funds if the project stops. There is no universal best answer, but the answer should be clear and written.

5. Who is building?

Ask for the name of the contractor, completed projects you can visit, and whether the developer's earlier phases were handed over on time. A finished earlier phase is one of the strongest signals a buyer can get.

> **Rule of thumb.** The less you can see, the more you need to read. If you cannot visit, ask for a video walk-through of the site and a call with the developer, and have your lawyer review the contract before the first payment.

"Guaranteed returns": how to read them

Many Bali projects advertise a guaranteed annual income. It can be a genuine service. It can also be a sales argument. The word "guaranteed" is only as strong as the party behind it and the contract wording.

Five questions for every guarantee

QUESTION	WHY IT MATTERS
Who pays?	The developer, a management company or a third party? Does that company have assets and a track record?
For how long?	One year, five years, the full lease? A guarantee that ends after year two says little about year ten.
In what currency?	US dollars, euros or rupiah? Your costs and your return should be in a currency you understand.
Is it in the contract?	A line in a brochure or a chat message is not an obligation. It should be in the signed agreement.
What if payments stop?	What are your remedies? Is there security, a termination right, or only a promise?

Ask for scenarios, not one number

Request a base-case and a pessimistic-case projection, with assumptions shown: nightly rate, occupancy, management and platform fees, taxes, maintenance, and low-season months. If a seller only shows the best case, ask why.

Keep expectations realistic

Realistic occupancy and net yield for villas in Bali are debated, and they vary by location, season, quality and management. As a general approach, treat double-digit annual yield promises as a best case, not a plan. A calm buyer asks what happens at half the projected income and still sleeps well.

> **Good sign.** A developer who gives you a pessimistic scenario unprompted, who explains fees line by line and who is happy for your lawyer to read the guarantee wording.

The 12 checks to make before you pay

1 **Land certificate and lessor identity**
Confirm the lessor really owns the land and is entitled to lease it. Without clean title, nothing else holds.

2 **Zoning and KKPR confirmation**
Is the plot in the tourism (pink) zone, and is use as a villa confirmed in writing?

3 **Lease term and extension clause**
Years, extension right, price or formula, notarised and registered.

4 **PBG building approval**
Approved for this building on this plot, in the developer's or owner's name.

5 **SLF plan**
How and when the occupation certificate will be obtained after completion.

6 **Rental licence and OSS registration**
Who holds the business licence for short-term rental, and is it valid?

7 **Developer's company registration**
Legal entity, directors, years active, and any earlier projects under the same name.

8 **Contractor track record**
Who builds, what they have built before, and whether you can visit finished work.

9 **Payment schedule tied to milestones**
Money released as construction progresses, with delay clauses and refund terms.

10 **Guarantee terms in the contract**
Who pays, how long, which currency, and what happens if payments stop.

11 **Management agreement**
Fees, reporting, owner stays, maintenance costs, and how to end the agreement.

12 **Exit and your own lawyer**
Can you sell or transfer the lease rights, and on what terms? Have your independent lawyer and the notary (PPAT) review every document before you pay.

Taxes and visas: the short, general version

Taxes

Tax is the area where "it depends" is most honest. Three general points:

- **Home-country tax.** Many European countries tax residents on worldwide income, which can include rental income from a property abroad. Double-taxation treaties may apply. Whether and how your Bali income is taxed at home depends on your country and personal situation.
- **Indonesian taxes.** Purchases, leases, rental income and property ownership can carry taxes and fees in Indonesia. Ask your adviser for the full cost picture, not just the price on the contract.
- **Get advice before buying.** Speak to a tax adviser in your home country who knows foreign rental income, and, if needed, one in Indonesia.

Visas

Owning a leasehold property **does not give you a visa**, and it does not require one. You can own and not live in Bali at all. If you want to stay for longer, options exist, for example:

- a retirement visa for people aged 55 and over;
- a second-home visa for property owners who meet its conditions;
- other long-stay visas for remote workers or investors.

Conditions, financial requirements and names of these visas change from time to time. Check current rules with a licensed visa agent or the Indonesian embassy before you plan around them.

> **Before you sign.** Write down your questions on tax and visa and take them to professionals. Then compare their answers with what the seller told you.

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How Prana Quiet answers these questions

Hold us to the same list. Here are the facts as they stand.

TOPIC	PRANA QUIET
Developer	PT Perusahaan Lakshmi Narayana (NIB 0905230043813), Canggu, Bali. Rental income is managed by Prana's management company.
Land and zoning	Tourism (pink) zone. The developer holds notarial land leases from the customary village Desa Adat Perasi, running to 2055.
Tenure	Leasehold to 2055 (about 29 years from 2026). A priority right to extend; the extension price is set at market value at that time, so it is not fixed or guaranteed in advance.
Permits and builder	Phase I is built and its SLF is in progress. PBG (building approval) for the Prana Residents villas is in progress, not yet complete. Construction partner: CV Surya Konstruksi.
Progress	Phase I: 6 villas, built; one 2-bedroom villa (70 m²) is still available, ready, $172,500. Phase II: 9 of 10 pool villas sold; one 2-bedroom pool villa available at $149,000. Phase II is 20% built, handover Q2 2027.
Panorama View Studios	28–34 m², from $79,000 to $99,000. 4 of 6 studios available.
Prana Residents	Four villas with private pool and private spa (infrared sauna, ice plunge). 2-bedroom: 103 m² $248,000, 108 m² $257,000. 3-bedroom: 134 m² $324,000, 156 m² $369,000. Completion planned Q1 2028; building approval (PBG) in progress.
Payment	Payments are tied to construction stages; the schedule is in the contract.
Income	**Income guarantee:** 8% a year for 3 years, paid by Prana's management company, applying when the owner stays in the unit less than 30 days in the low season. The terms are in the contract: read them. **Projections, not guaranteed:** studios 11.2% at 70% occupancy and about 16% at 80% (net of 30% operating costs, including OTA commissions and a 15% management fee). 2-bedroom pool villa forecast (70 m², $149,000): 10% bottom, 13.7% base, 19.4% top scenario.

> **Ask us for every document on this checklist.** We'll go through them with you and your lawyer on a video call. Site visits include a free airport transfer.

As with any seller, verify these statements against the documents and with your own lawyer. That is exactly the point of this guide.

NEXT STEP

Take your time. *Check everything.*

If you would like to go through the twelve checks for Prana Quiet with someone who will answer plainly, we are glad to do it on a video call, together with your own lawyer if you wish.

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BOOK A CONSULTATION

Developer: PT PERUSAHAAN LAKSHMI NARAYANA, NIB 0905230043813, Canggu, Bali.

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