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EXIT STRATEGY GUIDE · LEASEHOLD EDITION

Sell the Villa or the Company?

You own a villa in Bali through a company (PT PMA) holding leasehold rights (Hak Sewa). This guide compares your two exit options on one worked scenario, with every figure computed from the stated assumptions. · November 2026 edition

SCENARIO	Bali, Indonesia · leasehold villa held in a PT PMA · seller is a non-resident individual shareholder
PURCHASE PRICE	**USD 350,000** (funded as USD 175,000 share capital + USD 175,000 shareholder loan)
SALE PRICE	**USD 475,000**
GROSS PROFIT	**USD 125,000**
STATUS OF THESE INPUTS	Illustrative assumptions, not market facts. The prices and the funding split are chosen to show the arithmetic. Operating income, running costs, exchange rates and tax treaty relief are left out.

2026

1 How it works: the two options

Selling your investment can be done in two completely different ways. They differ in how much tax you pay, how quickly you can free up your capital, and how large your actual profit will be.

SELL THE VILLA	SELL THE COMPANY
You sell the villa itself (the leasehold) out of the company to a buyer. • The company receives the payment • Tax is deducted on the entire sale price • The money stays inside the company • You extract funds in multiple steps, which takes time	You sell the shares in the company. The buyer takes over everything, including the villa. • The buyer acquires the entire company (and the villa with it) • You receive the full proceeds directly as a private individual • No dividend distribution or liquidation required

2 The numbers, side by side

	SELL THE VILLA	SELL THE COMPANY
WHAT YOU SELL	The villa (leasehold) out of the company	The company that owns the villa
TAX IN INDONESIA	USD 47,500 + 15,500 = 63,000 (sale + dividend)	USD 23,750 (5% of sale price)
TOTAL YOU RECEIVE	USD 412,000	USD 451,250
NET PROFIT	USD 62,000	USD 101,250
ROI	17.7%	28.9%

CASH AVAILABLE IMMEDIATELY	USD 237,000	USD 451,250
CASH LOCKED IN THE COMPANY	USD 175,000	0
TIME UNTIL FULLY LIQUID	8 to 18 months reported in practice (liquidation)	At completion
COMPLEXITY	High, multiple steps	Medium

HOW THE FIGURES ARE BUILT: SALE PRICE, LESS 10% FINAL TAX, LESS THE PURCHASE COST, GIVES THE PROFIT LEFT IN THE COMPANY. THAT PROFIT IS PAID OUT AS A DIVIDEND WITH 20% WITHHELD. THE SHARE CAPITAL COMES BACK ONLY AT LIQUIDATION. THE SHARE SALE ASSUMES THE WHOLE PRICE IS PAID FOR THE SHARES, WITH THE SHAREHOLDER LOAN ASSIGNED TO THE BUYER.

Conclusion on these assumptions: selling the company yields USD 101,250 in profit, USD 39,250 more than selling the villa, with a shorter wait. ROI improves from 17.7% to 28.9%.

3 Why is the difference so large?

Tax. Sell the villa: 10% final tax on the entire sale price, plus 20% withheld when the profit is distributed as a dividend. Sell the company: tax only on the share transaction, 5% of the price, subject to the buyer's and seller's tax treaty.

Structure. Sell the villa: the money is trapped inside the company and must be released in stages. Sell the company: the full proceeds go directly to you as a private individual, no intermediate steps.

Time. Sell the villa: the share capital comes back only by liquidating the company, reported in practice at 8 to 18 months. Sell the company: the full amount is paid at completion of the share transfer, once the withholding tax is evidenced.

4 Recommendation: the conditions for a good exit

On these assumptions selling the company gives the better result, **but it requires the company to be clean.** If the company has a mixed history, the buyer's advisors may insist on purchasing only the villa, which gives you the worse outcome.

Why buyers hesitate. When a buyer acquires a company they take on its entire history: all agreements, potential liabilities, accounting ambiguities, and tax risks. Without transparency and verifiable figures, serious buyers walk away from the company structure.

WHAT A BUYER MUST VERIFY	All taxes correctly filed and paid · accounting complete, accurate and audit-ready · no hidden liabilities or ongoing disputes · the company has not been used for other, unrelated business · all agreements clear and transferable

Accounting as a competitive advantage. Accurate, professional accounting is a regulatory requirement and also a direct value-creation tool. The buyer wants real numbers: documented rental income, clear costs, stable profitability over time. Clean books make buyers willing to pay more.

5 Action plan: four decisions that define your exit

You don't need to decide on an exit strategy at the time of purchase. But one decision must be made early: whether the company will be kept clean. A clean company gives you full flexibility later. A messy one closes the door to the better option.

1. **Structure each project in its own company.** Keep the investment isolated. No other business in the same company.

2. **Keep the company "clean".** The company does one thing: own and manage this villa.
3. **Accounting and tax, correct from day one.** Every transaction documented. Every return accurate and on time.
4. **Build real, verifiable revenue figures.** Rental income and costs a buyer can audit and trust.

A great villa also needs a great exit structure, and that starts from day one. Keep the company clean, keep the books clean, build trust. That preserves all your options, and that is where a large part of the profit lies.

Tax bases used in this model: leasehold assignment taxed as land/building rental income, 10% final PPh on gross for a resident assignor (PP No. 34/2017 Art. 4. 20% under Art. 26 if the assignor is non-resident. Practitioners report this treatment, and no tax ruling squarely covers lease assignments, so confirm it before you transact). Share transfer 5% of gross (Art. 26 final withholding, PMK 81/2024 Art. 238, treaty-gated). Dividend withholding 20% (tax treaties may reduce). The prices and the funding split are illustrative assumptions. Every figure is computed from them by script. Produced by Shanny Advisory for investors in Bali property. Specific tax questions should always be verified with a licensed Indonesian tax adviser.

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