SHANNY ADVISORY

PROPERTY · STRUCTURING · DUE DILIGENCE

CHECKLIST · LAND & TITLE DUE DILIGENCE

Bali Lease & Land Title: Pre-Signing Checklist

Everything to verify before signing a lease, sub-lease, or title transfer agreement in Bali · October 2026 edition, rev. 19 Oct · Post-signing and operational items are not covered here.

> BEFORE YOU SIGN, READ THIS FIRST
>
> A foreigner may hold a villa on a lease in a personal name, live in it, and let it by the month or the year. That is residential letting, the accepted route, and the rent is taxed. Nightly and weekly holiday letting is different: it is a licensed accommodation business, and a foreign individual **cannot** hold that licence. Confirm your legal structure with an independent advisor before any document is placed in front of you.

01 Title: verify the paper is clean

- ☐ Inspect the **original** land certificate (Sertipikat) in person, not a copy or photo
- ☐ Run a physical BPN check: confirm the certificate is authentic, current and unencumbered UUPA NO. 5/1960
- ☐ Confirm the title type matches what is being sold to you: Hak Milik / HGB / Hak Pakai / Hak Sewa
- ☐ Check for a registered Hak Tanggungan (mortgage / lien). It must be released before or at signing
- ☐ Verify the registered owner's identity matches the person or entity signing your contract
- ☐ Request a warkah (land history) search. It confirms no prior disputes, blocks or frozen transactions
- ☐ Commission a licensed surveyor to physically verify that the plot boundaries match the certificate
- ☐ Confirm no court sita (seizure) or injunction is registered against the land

02 Zoning: confirm the land can do what you need

- ☐ Obtain KKPR confirmation (Kesesuaian Kegiatan Pemanfaatan Ruang) via OSS. It confirms the spatial use is legal PP NO. 21/2021
- ☐ Verify the zoning designation (RDTR / RTRW) allows villa, tourism or residential use. In Badung the regency's own zoning map gives the zone, site coverage, height and permitted uses per parcel PERDA BALI NO. 2/2023
- ☐ Confirm the land is **not** in a kawasan lindung (protected zone): sacred buffers, river banks, coastal setbacks PERDA BALI NO. 2/2023
- ☐ Check the sempadan setback from road, river, ravine or coast, and confirm the buildable area is what you expect. On the coast the national minimum is 100 m from the highest tide line, and the local plan fixes the exact line PERPRES NO. 51/2016
- ☐ Beachfront: nothing on the plot may close or limit public and ceremonial access to the beach. Sanctions run up to demolition PERDA BALI NO. 3/2026 PS. 9, 14
- ☐ Confirm the height limit for the zone, generally max 15 m PERDA BALI NO. 2/2023 PS. 100
- ☐ Confirm the plot is not productive farmland or Subak rice field marked for protection (LP2B). Protected farmland may not be converted to build on

  Check the zoning overlay itself, not the seller's description of the land

  PERDA BALI NO. 4/2026 PS. 13

- [ ] New tourism accommodation: check the current moratorium. It covers Tabanan, Jembrana, Buleleng, Bangli, Karangasem and Klungkung, plus agricultural land Bali-wide, and has changed several times since 2024
  Confirm it again the week you sign
- [ ] Confirm the land is not in a cultural tourism zone with restricted commercial rights PERDA BALI NO. 2/2023

03 Your legal structure: decide before you sign

- [ ] Choose between Hak Sewa in a personal name and a PT PMA. This decision must be made **before** the deed is drafted
- [ ] Personal name: you may use the villa as your home and let it by the month or the year. That is residential letting, the accepted route for a foreign owner, and the rent is taxed. A tenancy of a year or longer is the firmest ground. Nightly accommodation (Airbnb, Booking.com) is a licensed business a foreign individual **cannot** hold UU NO. 25/2007 PS. 5(2); PERPRES NO. 10/2021; UU NO. 6/2011
- [ ] PT PMA route: confirm the company is incorporated and its OSS / KBLI registration is correct **before** the lease is signed in the company's name. Since May 2026 OSS refuses new PMA registrations on a Bali address for 18 named codes, including 68111 (renting out property) and small hotels. Practitioners report the block is wider in practice, so test your code in OSS UU NO. 25/2007; PP NO. 28/2025
- [ ] Confirm **zero** nominee / pinjam nama arrangements exist anywhere in the structure. They are void nationally, and Bali now expressly bans them, facilitators and advisers included
  MA CIRCULAR NO. 4/2016; UUPA PS. 26(2); PERDA BALI NO. 4/2026
- [ ] Verify the seller's legal capacity: if a company, obtain the board resolution and PoA authorising the signatory
- [ ] If purchasing PT PMA shares: complete full company due diligence (liabilities, tax history, legal claims) before signing the SPA

04 The contract itself: non-negotiable terms

- [ ] Lease term with a start and end you can calculate: fixed calendar dates, or a defined start event (such as handover) with a latest date it can happen
- [ ] Extension / renewal clause with a defined price mechanism. Without one, renewal sits at the landowner's discretion
  Vague extension language with no price fix offers no real protection
- [ ] Right to build (Hak Mendirikan Bangunan) granted in writing by the landowner within the agreement
- [ ] Right to assign or transfer your leasehold to a third party. You need it for any exit
- [ ] The agreement will be notarised before a Notary/PPAT, and the lease noted on the landowner's certificate. A lease (Hak Sewa) is never registered as a title, so the notarial deed and the notation are your evidence against a later owner KUHPER PS. 1576; PP NO. 18/2021 PS. 90
- [ ] Successors-bound clause: the lease survives the landowner's death and binds any future Hak Milik holder
- [ ] Quiet enjoyment guarantee: the landowner cannot interfere with your use during the lease term
- [ ] Signed in Indonesian and English at the same time, with a clause saying which version prevails. An English-only contract with an Indonesian party breaches the language rule, and courts have voided such contracts
  UU NO. 24/2009 PS. 31; PERPRES NO. 63/2019 PS. 26
- [ ] Dispute resolution: the district court where the land sits, or arbitration for contract disputes. Title and registration questions always go to the courts, so the clause should say so UU NO. 30/1999 PS. 5, 11
- [ ] The force majeure clause is time-limited. It must not be open-ended or a backdoor exit for the landowner
- [ ] Currency of payment defined, with exchange-rate risk allocated explicitly

05 Tax & costs: know every number before signing

- [ ] Seller's final income tax (PPh Final) confirmed **in writing**: who pays, how much, and when relative to signing. 2.5% of gross on a transfer of titled rights. On a lease grant or assignment, taxed as land/building rental: 10% of gross for an Indonesian tax resident, 20% for a non-resident PP NO. 34/2016; PP NO. 34/2017; UU PPH PS. 26
- [ ] BPHTB: confirm it is **not** applicable to Hak Sewa (a contractual lease right, not a registered title)
  BPHTB is 5% on acquiring a registered right. Confirm with your tax advisor how it applies to your structure
- [ ] PPN / VAT: 11% effective on most sales (the full 12% applies only to luxury goods); confirm whether the seller is a PKP, and note that off-plan sales may be VAT-liable UU NO. 7/2021; PMK 131/2024
- [ ] PBB (land & building tax) arrears: request the official payment history and confirm there are none
- [ ] Notary / PPAT fees: obtain a written cost estimate before instructing the notary
- [ ] All transaction costs itemised and agreed in writing before the signing appointment

06 Adat & community: the layer the certificate does not show

- [ ] Get a letter from the Bendesa Adat and the Kelian Banjar that the plot is **not** village land (tanah pekarangan desa, tanah ayahan desa or other village property). A family living on village land occupies it; the village owns it
  A certified title bought before a land-deed official has been voided because the plot was village land
  PERDA BALI NO. 4/2019 PS. 55; MA 2481 K/PDT/2018
- [ ] If it is village land: the village assembly's (Paruman) written approval of your lease. The Bendesa cannot sign alone PERDA BALI NO. 4/2019 PS. 31, 59
- [ ] Ask for the village's written rules (awig-awig and pararem) on land, building and newcomers. They bind foreign owners too, written or not
  The village cannot cancel a state permit, but it can refuse its consent or recommendation, and in practice that stops projects
  PERDA BALI NO. 4/2019 PS. 1, 13
- [ ] Any contribution the village expects from you is set out in writing, has a basis in its rules, and is paid to the village account against a receipt. Never pay a personal cash demand
- [ ] Temple distance: identify the nearest temple and its class. Provincial buffers run from 5 to 50 m for a village temple up to kilometres for the major temples, and the village's own rule may be stricter
  PERDA BALI NO. 2/2023 PS. 85
- [ ] Access to the plot is legal and formally documented, not merely by verbal community permission
- [ ] No sacred sight lines, Pura corridors or ritual pathways cross the buildable area of the plot
- [ ] Water access is legal: a PDAM connection, or a well with its groundwater permit in place or explicitly provided for in the contract
- [ ] Flood-risk assessment done: confirm the plot is not subject to seasonal flooding

07 Field checks: what the notary's standard check does not cover

- [ ] Ask the notary in writing what their due diligence covers. A standard notary check is the certificate, the zoning and the land-tax record. Everything below comes on top
  A full land due diligence takes weeks, not 14 days
- [ ] Re-measure the boundaries through the land office or a licensed surveyor and compare them with the certificate plan and the neighbours' fences. Overlaps are common, including buildings already over the line
- [ ] The road to the plot is a public road or a deeded right of way, not a neighbour's verbal permission

- [ ] The business activity code (KBLI) you need is open at **this location** the week you sign, and again before each payment. The block follows the land, not where your company is registered
- [ ] The spatial approval (KKPR) is issued for this parcel before money moves. Payment for the land right is held by the notary or in escrow until your lease or title is in place, with a written refund if a permit is refused. Stage payments on a build follow milestones that an independent party confirms
- [ ] If you are offered HGB, ask which kind. HGB on top of a Hak Milik runs at most 30 years and renews only if the owner signs a new deed PP NO. 18/2021 PS. 37(2)
- [ ] Price the land on what the zoning lets you build (site coverage, floor area, height), not on the density the asking price assumes
- [ ] Existing building: the PBG number, its approved drawings and the building in front of you match, and an SLF is issued. Near completion: written confirmation from the regency that it will issue the SLF under the project's activity code
- [ ] Whoever holds the rental licence is also whoever receives the rental income. A local licence holder who passes the guest revenue on to a foreigner can fit the nominee definition. A licensed operator paying a fixed rent is a different structure PERDA BALI NO. 4/2026 PS. 1(11), 14
- [ ] Short-stay plans: since 1 Aug 2026 the tourism ministry can have platform listings removed where the host has no business registration with the right activity code. Check the licence before you count on platform income
- [ ] Read every side document: loans, powers of attorney, profit shares, “management” letters with the landowner. A performance-linked payment to a foreigner from land held by a local is a stop sign
- [ ] Buying a unit in a hotel or aparthotel: check the **operator's** licences, not only the developer's, and what registered right you receive and when
- [ ] Ask the selling agent in writing: “Can this property lawfully be rented out short-stay, by whom, and under which licence?” Keep the answer UU NO. 8/1999 PS. 7(B)

08 Your advisors: do not sign without these sign-offs

- [ ] Independent Notary/PPAT instructed: registered with BPN, with no conflict of interest with the seller or developer
- [ ] An Indonesian property lawyer (Advokat) has reviewed the full agreement and confirmed it is acceptable
- [ ] A tax advisor (Konsultan Pajak) has confirmed the structure, all tax obligations, and the repatriation path
- [ ] Physical boundary survey completed and signed off by a licensed land surveyor
- [ ] If buying with existing buildings: a structural inspection report has been received and reviewed
- [ ] You have **not** been asked to sign at a same-day meeting. Urgency or pressure is a red flag in itself
- [ ] All key documents reviewed in English (or your language) before signing day

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This checklist is a reference tool only and does not constitute legal or tax advice. Always engage a qualified Indonesian Notary/PPAT, a licensed Advokat, and a tax advisor before signing. Bali property law is complex and changes frequently. Regulatory references current as of 19 October 2026.

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