



# CAN FOREIGNER OWN PROPERTY IN INDONESIA?

A guide to choosing your best investment in Bali.

A new government regulation has been implemented and has promised a legal breakthrough that would allow foreigners to own property in Indonesia, albeit restricted to condominiums only. In the past, efforts to open the property market to foreigners were hampered by the prohibition on land ownership, which would remain intact as demanded by existing laws.

Foreigners could hold Property for 60 years with the possibility of extending them by another 60 years, "There is a good chance for extending the certificate for another 60 years, Under present rules, foreigners may lease property for 25 years that can be extended for further periods of 25 years and 20 years, or 70 years in total. Unlike the right to lease, this Certificate can change hands and can be traded.

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Prime Properties

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There are three common practices open to foreigners for buying in Indonesia:

## A. Nominee Agreement through an Indonesian representative

It is common practice to have an Indonesian representative acquire land for the foreign buyer. Ownership of land must be transferred from the previous owner to the Indonesian representative. For the foreign buyer's security, three agreements must be entered into with the Indonesian representative such as :

1. Loan Agreement.
2. Irrevocable Power of Attorney.
3. Permanent Right of Use Agreement.

## B. Property Acquisition Through Foreign Company ( Penanaman Modal Asing (PMA)

PMA is a "status of doing business" in Indonesia. A PMA company has 30 years to operate after formation. It can be granted additional 30 years, and another 30 years, if it expands its project through additional investment. This can be 100% controlled by a foreigner.

The Right to Build (Hak Guna Bangunan – HGB) is available to PMA companies. The right to build or construct on land is valid for 30 years. This can be extended for an additional 20 years, and even for another 30 years after that.

To set up a PMA company you will be required to:

Submit a detailed business plan.

Minimum capital required is US\$ 300,000

Operate in a business environment that adds value to Indonesia in terms of foreign skills, employment and environmental benefit.

The process takes approximately 1 to 2 months and once completed the company can apply for work permits for the foreign directors, Foreign Employees in the first year of operation. The cost of setting up is around US\$ 4,000.

## C. Leasehold

It is important to hire the services of an Indonesian lawyer and Surveyor to assist with the transaction. The land transactions must take place at the Public Notary's office. There are registered and unregistered lands in Indonesia. The Basic Agrarian Law of 1960 governs certified land, which is registered at the local land office. Unregistered land, Adat land, is community-owned. An examination of the land certificate being bought is important. The whole process of registering property involves seven procedures and takes around 35 days to complete.

# PRIME PROPERTIES IN BALI.

Article by Alifsony Pahlevi.

Since you're dealing with a plenty properties in bali. theres the fact you need to know about prime location in bali. if we have a property business scheme with the hope of getting the Best "ROI" goal. there are some that we should pay attention to; Location: We're all experiencing an economic downturn due to the global pandemic, but it's only a matter of time, if you buy a property in a high prospect location, your property will be there forever.

but in my opinion, now is the right time to have prime properties in bali.

*With prices in Prime locations rising astronomically, its the right time to own your properties.*



For example, if you know the Seminyak-petitenget area, 10-15 years ago that area was still nothing. property prices are still not too expensive at that time.

But look now, as the years go by, the development boom begins, foreign and local investors see some potential in that location.

oberoi, alila seminyak, Kudeta, motel mexicola and others.

if you buy property in this area (for now) the price has "skyrocketed". lucky for some people who own property in this area since 15 years ago.

but again, there are still many locations that you can have with high prospects location in bali.

My advice "own the property now" your property have an address and will be there for the rest of your life.