



The Bali Freelancer's Playbook: A Strategic Guide to Visas & Tax

From Opportunity to Decision:
A Real-World Case Study



The Opportunity: “I have a consulting offer in Bali.”

Persona

- **Name:** Elly, a Global Freelancer
- **Goal:** Relocate to Bali for at least one year to work on two new contracts.

The Projects



Client 1: Business development for an interior design firm, targeting hotels and resorts.



Client 2: Marketing and communications coordination for a restaurant inside a hotel.

Key Challenge

The work is a hybrid model: “A mix of remote work, some time in an office, and some on-site presence.”

Every Freelancer's First Questions

1

The Visa

What type of permit (KITAS) do I need? What are the timelines and costs?

2

The Structure

How do I legally invoice clients and manage my taxes in Indonesia?

A Common Misconception:
The EOR (Employer of Record)

Expert Take: “Exclude EOR from the start. It’s an outdated, expensive model, and in 90% of cases, not a legally compliant structure for this type of work.”

It's Not What You Do, But *How* You Do It.

Before comparing visa options, costs, or tax rates, there is one critical question that determines your entire strategy:

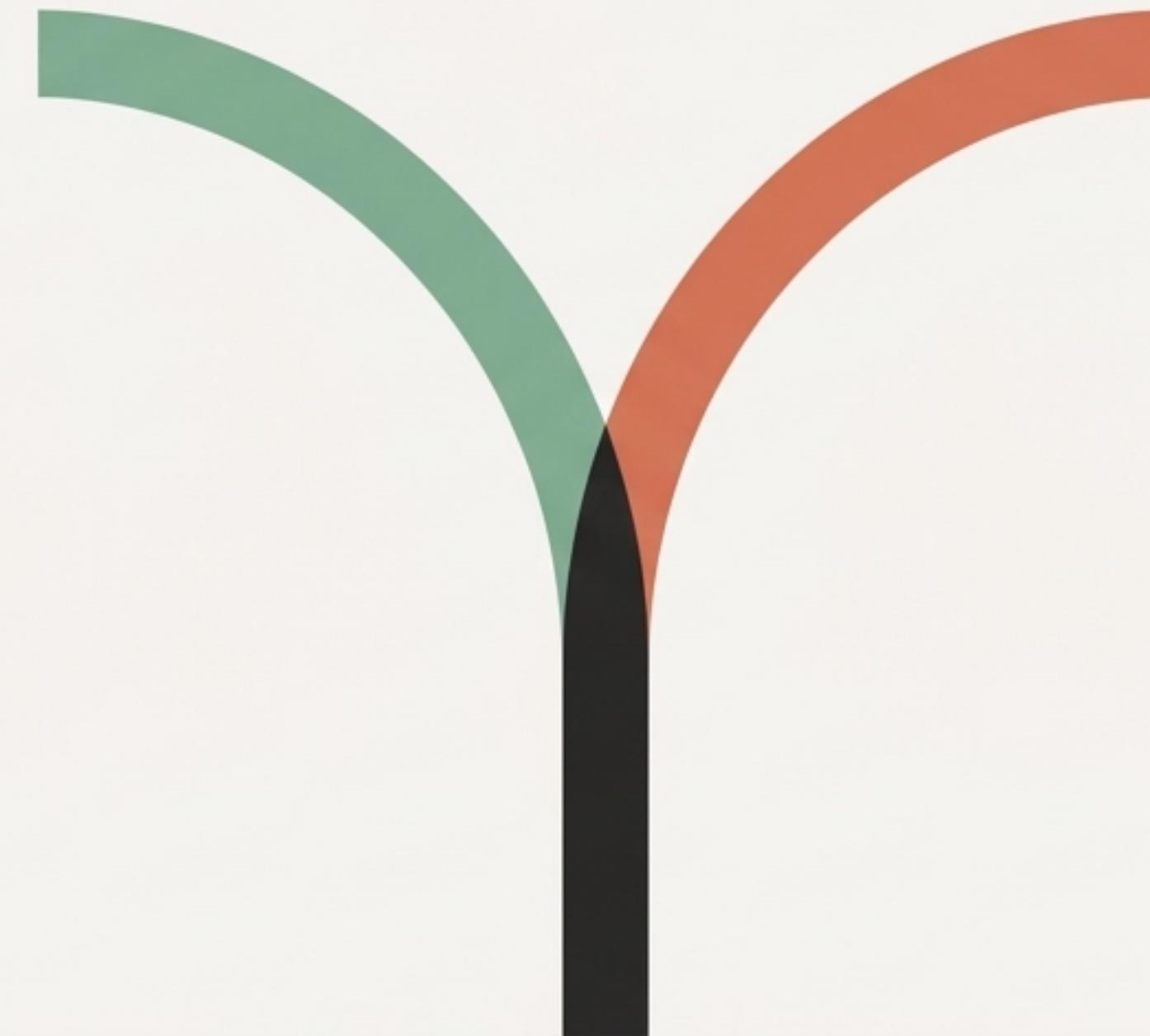
“Describe not just the content of your work, but its **social dynamic**. Will you be a registered employee with a badge and fixed office hours, or a visiting consultant working from a laptop?”

The Answer Reveals Two Distinct Paths

Elly's Situation: "I'm not required to go to the office, and I won't have a badge or fixed hours."

Path 1: The "Under the Radar" Strategy

For the true digital nomad.
Maximum flexibility, lower initial cost.



Path 2: The "Official & Compliant" Strategy

For the established consultant. Fully legal work permit and local tax residency.

Path 1: The “Under the Radar” Strategy with the D12 Visa

What it is

The D12 is technically a multi-entry visitor visa, not a work permit.

Best For

Freelancers who operate entirely remotely, without a fixed physical base in a client's office.

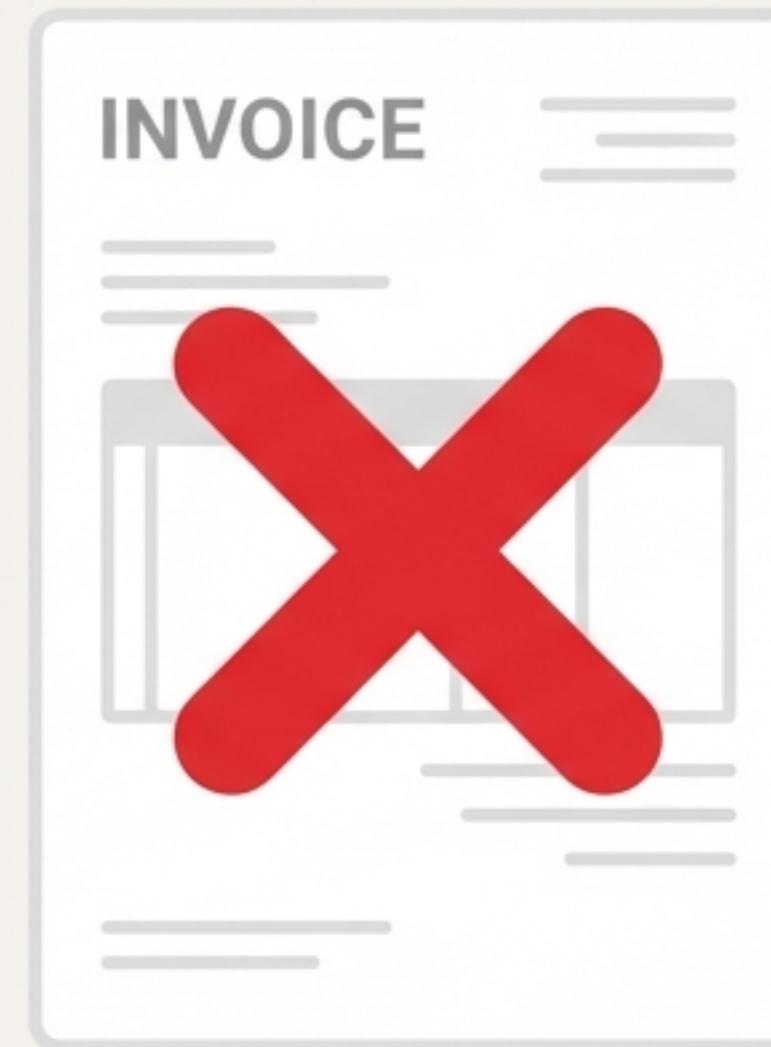
How it Works in Practice



- You work from your laptop at a cafe, co-working space, or home.
- You visit a client's location as a 'guest' or 'friend,' not as a badged employee.
- No fixed desk, no set office hours.

Key Advantage: **Significant Cost Savings.** It is substantially cheaper than a formal work permit.

The D12 Visa's Critical Limitation: Invoicing



The Rule:

With a D12 visa, you are a visitor. You **cannot legally earn money** from an Indonesian entity or invoice clients locally.

The Requirement:

You must issue all invoices from an existing tax registration in another country. For example, you would invoice your Bali-based client using your Italian freelance tax registration (Partita IVA).

Key Takeaway: The D12 visa solves your stay, but not your *tax or invoicing* in Indonesia.

The Strategy Unravels: “I closed my freelance tax registration in Italy.”



The Dealbreaker

Elly no longer has a legal entity abroad from which to invoice.

The Consequence

Without an active foreign tax ID, she cannot meet the requirements for the D12 “Under the Radar” strategy.

Conclusion

Path 1 is no longer a viable option. She must pursue the “Official & Compliant” route.

Path 2: The 'Official & Compliant' Strategy with a Freelance KITAS

What it is

A formal work permit (like an E23) designed for specific freelance professions (e.g., Freelance Marketing Manager).

Best For

Consultants who need to be fully legal, invoice Indonesian clients, and establish tax residency.

How it Works

- Provides the legal right to work and earn income in Indonesia.
- Allows you to apply for a local tax ID number (NPWP).
- Initially valid for 6 months, and can be renewed for another 6 months.



Key Consideration: This is the 'by the book' solution, but it comes at a significantly higher cost.

The Cost of Compliance: A Side-by-Side Comparison

D12 Visa
("Under the Radar")

~7.5M IDR



Freelance KITAS
("Official & Compliant")

~52M IDR



The Bottom Line: The official Freelance KITAS is approximately **7 times more expensive** than the D12 visitor visa. This is the investment required for full legal compliance and local invoicing capability.

Step 1 to Tax Compliance: Your NPWP Number



What is an NPWP?

- Stands for *Nomor Pokok Wajib Pajak*.
- It is your personal tax identification card in Indonesia, similar to a Social Security Number or national insurance number.
- It's required to file taxes and is often requested by clients for invoicing.

The Process

- **Setup Cost:** Minimal, around 200,000 IDR (~€10).
- **Maintenance Cost:** There is no cost to maintain the card itself.
- **Filing:** Taxes are filed annually. Professional assistance for the annual declaration is recommended and affordable (approx. 2-3M IDR, or €100-€150 per year).

How Income Tax Works in Indonesia

System: Indonesia uses a progressive tax system. This means you pay different rates on different portions of your annual income.

Annual Income Tax Brackets (PKP):



Important Note: Business expenses, including the cost of your KITAS, are generally **not deductible** for individual freelancers. The tax is calculated on your gross revenue.

The Pragmatic Approach: Calculating Your Bottom Line

Elly's Dilemma

- One client is a large entity and will require 100% official invoicing. There is no room for negotiation.
- With the other client, there might be more flexibility.

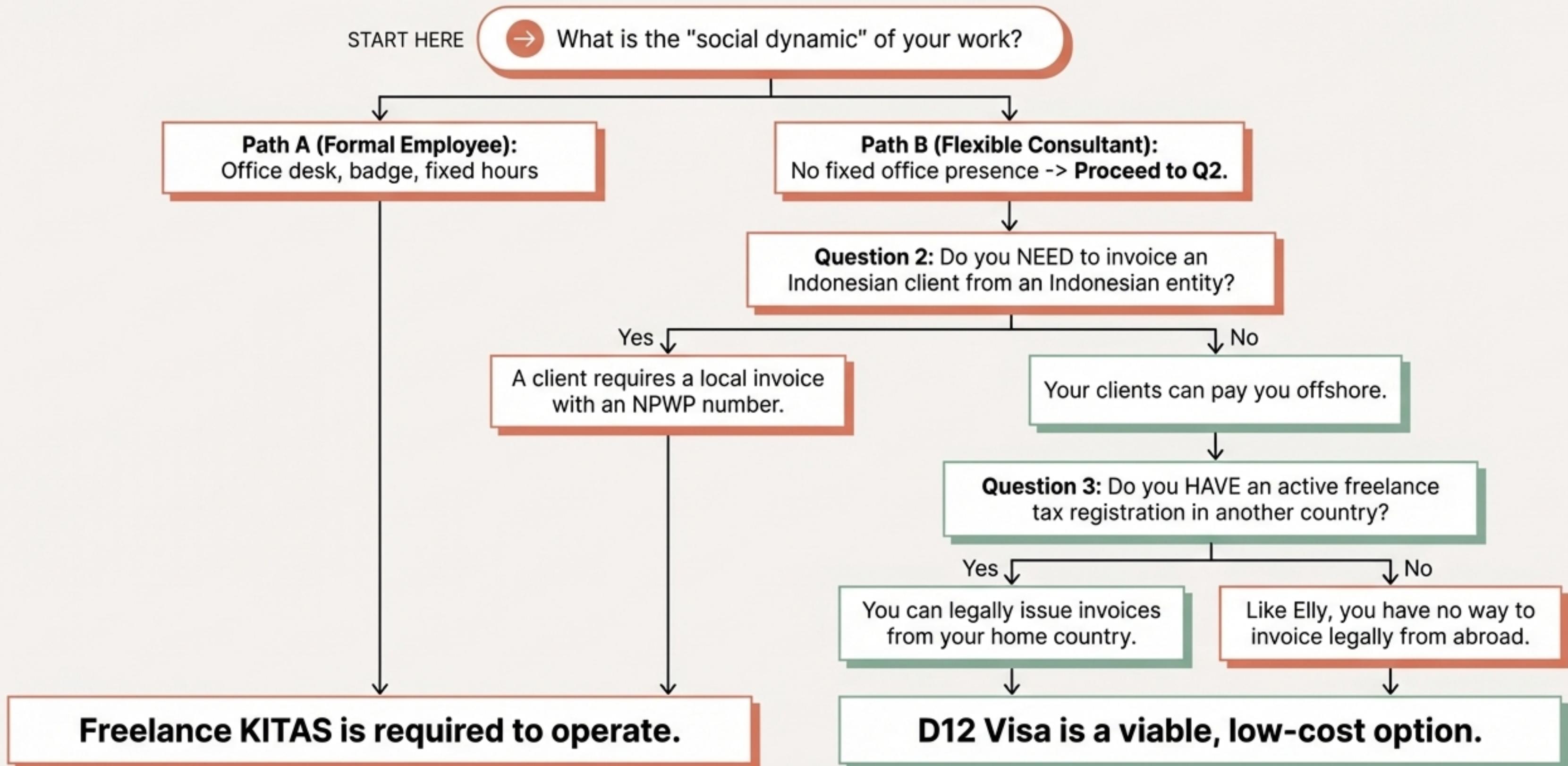


The Consultant's Strategic Advice

“Do the math and see if the deal is worth it. If the tax burden is high, why not propose a cost-sharing solution? You pay 50% of the visa and tax overhead, and the client covers the other 50%.”

Key Takeaway: Don't just accept the cost; treat it as a business expense to be negotiated.

The Freelancer's Bali Decision Framework



Navigating Complexity, Delivering Clarity.

The path to working in Bali is unique for every freelancer. Making the right strategic choice from the start saves time, money, and ensures peace of mind. We're here to help you build the right playbook for your journey.



www.balizerzero.com