

The Legal Configuration of Foreign Tourist Levies as an Instrument for Sustainable Tourism in Bali

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ABSTRACT: This study aims to analyse the implementation mechanism of the foreign tourist levy policy in Bali Province, compare Bali's foreign tourist levy policy with similar policies in other countries, and examine strategies to optimise the policy to support sustainable tourism governance. This study employs normative legal research using statutory and comparative approaches. Legal materials were obtained through library research, consisting of legislation, academic journals, books, and relevant policy documents. The findings demonstrate that the implementation of the foreign tourist levy in Bali is supported by a strong legal foundation, including Law Number 15 of 2023 concerning Bali Province, Bali Provincial Regulation Number 6 of 2023, and Bali Governor Regulation Number 36 of 2023. The levy mechanism is implemented through an integrated digital payment system at the main entry points for foreign tourists, with funds allocated specifically to protect Balinese culture and the natural environment. Comparatively, Bali's foreign tourist levy policy is similar to practices in Bhutan, Japan, Italy (Venice), and the Maldives, particularly in sustainable tourism principles, digitalised payment systems, and conservation-oriented fund management. Nevertheless, Bali possesses distinctive characteristics through the integration of local wisdom values and the active participation of indigenous communities in policy implementation. The optimisation strategy for the foreign tourist levy policy in Bali should therefore focus on regulatory harmonisation, transparent digital governance, institutional strengthening, and indigenous community participation. This study offers novelty by positioning the foreign tourist levy as an integrated legal governance mechanism that combines sustainable tourism principles, local wisdom, and digital governance within the framework of Bali's regional autonomy. Accordingly, the policy functions not merely as a regional fiscal instrument but also as a legal instrument to promote culture-based and environmentally sustainable tourism governance.

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KEYWORDS: Foreign Tourist Levy; Sustainable Tourism; Bali Province; Local Wisdom; Tourism Governance.



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I. INTRODUCTION

The Province of Bali is one of Indonesia's regions that holds a strategic position in both the national and international tourism sectors. Its natural beauty, distinctive cultural heritage, and well-preserved local wisdom have made Bali a primary destination and a major attraction for both domestic and international tourists.¹ The socio-cultural characteristics of Bali, which are rooted in customary values and philosophical principles such as *Tri Hita Karana* and *Sad Kerthi*, constitute invaluable assets that distinguish Bali from other destinations worldwide. However, the uncontrolled growth of the tourism industry has the potential to undermine these cultural foundations if it is not accompanied by adaptive and sustainable regulatory frameworks.² The increasing number of tourists, when not accompanied by effective control mechanisms, can adversely affect the environment, local culture, and community social life, thereby necessitating responsive and sustainable legal policy interventions.³

¹ Ida Bagus Brata, Ida Bagus Rai & Ida Bagus Nyoman Wartha, *Pelestarian warisan budaya dalam pembangunan pariwisata Bali yang berkelanjutan* (2020).

² Made Hendra Wijaya & Putu Lantika Oka Permadhi, "Prinsip-Prinsip Tri Hita Karana di dalam Pengaturan Hukum Kepariwisata di Bali (Berdasarkan Pada Peraturan Daerah Provinsi Bali Nomor 5 Tahun 2020 Tentang Standar Penyelenggaraan Kepariwisata Budaya Bali)" (2021) 3:1 Jurnal Hukum Saraswati (JHS).

³ I Gede Druvananda Abhiseka, Putu Eva Ditayani Antari & Ni Kadek Rita Cahya Anggreni, "Managing Sustainable Tourism: The Role of Local Governments in Overcoming Overtourism in Bali" (2025) 11:2 Jurnal Komunikasi Hukum 57-70.

Over the past two decades, Bali has faced increasingly complex pressures due to the massive influx of tourists. This phenomenon has led to serious consequences, including environmental degradation, traffic congestion, pollution, and socio-cultural transformation that threatens the sustainability of local traditions. The imbalance between tourism-driven economic growth and ecological capacity has further exacerbated the decline in the quality of life of local communities. In this context, development policies grounded in the principles of social justice and environmental protection have become urgently necessary to be realised through binding and enforceable legal instruments. Public participation is a fundamental element in the formulation and implementation of environmental policies, as it plays a crucial role in ensuring fairness, accountability, and sustainability in policy outcomes.⁴

In response to these challenges, the central government, in conjunction with the Provincial Government of Bali, enacted Law Number 15 of 2023 concerning the Province of Bali. This law provides legal recognition of Bali's distinctive characteristics as a regional entity with a unique cultural identity, social system, and value framework. Beyond merely replacing previous legislation, this regulation reaffirms Bali's position as a region with expanded autonomy, particularly in the governance of development grounded in customary values, culture, and environmental sustainability. In this regard, a legal protection approach in public policy becomes crucial to ensure that regulatory measures are not solely oriented toward economic interests, but also guarantee legal certainty and justice for all affected stakeholders.⁵ Accordingly, Bali gains a robust constitutional foundation for formulating public policies aligned with its regional needs and identity, particularly in the fiscal domain, to strengthen sustainable regional autonomy.

⁴ Febriansyah Ramadhan & Ilham Dwi Rafiqi, "Antinomy of Community Participation Rights in the Law on the Environmental Sector" (2021) *Jurnal Daulat Hukum*.

⁵ Mutia Dwi Arita Deli & Muhammad Valiant Arsi Nugraha, "Perlindungan hukum transaksi belanja online yang dipengaruhi dengan Fear of Missing Out (FOMO)" (2025) 8:2 *Jurnal Analisis Hukum* 109–118.

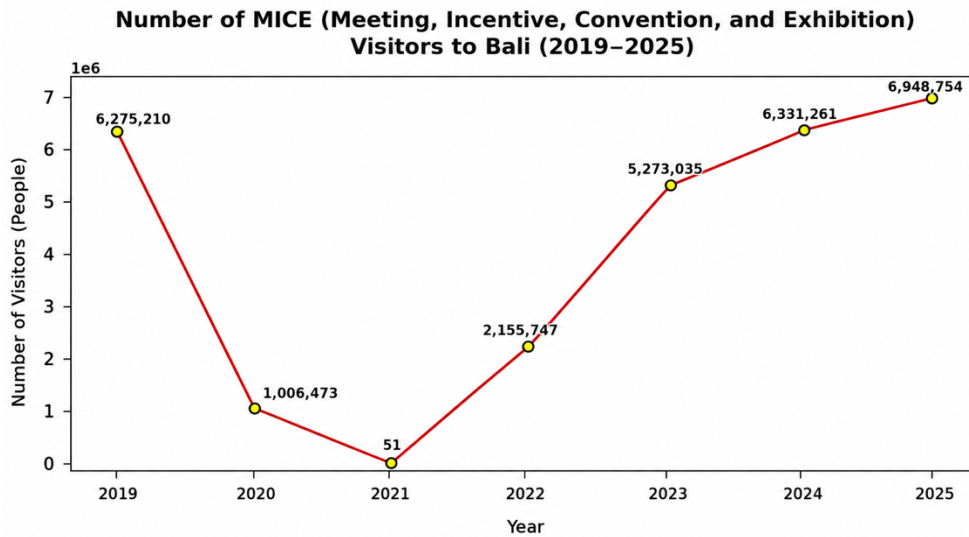


Figure 1. Number of International Tourist Arrivals to Bali⁶

To further emphasise the urgency of the foreign tourist levy policy, the data on international tourist arrivals, as illustrated in Figure 1, demonstrate a significant upward trend over recent years, notwithstanding the exception of the global pandemic period. The substantial increase in tourist arrivals has directly contributed to escalating pressure on Bali's environmental carrying capacity and public infrastructure. Accordingly, an increase in tourist visits does not necessarily correlate with improvements in the quality of development, particularly in the absence of appropriate and sustainable regulatory management policies.

In this context, the foreign tourist levy policy should not be construed merely as a fiscal instrument but as an integral component of a broader tourism control mechanism. The policy is intended to promote the principle of quality tourism over mass tourism by prioritising the quality of tourist visits over mere quantitative growth. Through this approach, it is expected that visiting tourists will possess a greater degree of awareness and responsibility toward the preservation of the environment and local culture, while simultaneously generating more optimal economic contributions for the region.

⁶ *Perkembangan Pariwisata Provinsi Bali Maret 2025*, by Badan Pusat Statistik Provinsi Bali (2025).

In response to these challenges, the central government, in conjunction with the Provincial Government of Bali, enacted Law Number 15 of 2023 concerning the Province of Bali. This law provides legal recognition of Bali's distinctive characteristics as a regional entity with a unique cultural identity, social system, and value framework. Beyond merely replacing previous legislation, this regulation reaffirms Bali's position as a region with expanded autonomy, particularly in the governance of development grounded in customary values, culture, and environmental sustainability. Accordingly, Bali gains a robust constitutional foundation for formulating public policies aligned with its regional needs and identity.

One of the concrete manifestations of the implementation of Law Number 15 of 2023, particularly as reflected in Article 8 paragraph (3) and (4) concerning the strengthening of Bali's culturally based and sustainable tourism governance, is the introduction of a foreign tourist levy. This levy is regarded as a strategic measure to establish a legitimate, targeted funding source to support programs for cultural preservation and environmental protection. Beyond serving as a fiscal instrument, the levy also represents a form of tourist participation in maintaining Bali's sustainability as an attractive and globally competitive destination. Within the legal framework, this levy strengthens the legitimacy of regional fiscal policies grounded in local wisdom.

However, the optimisation of the foreign tourist levy cannot rely solely on existing legal norms. Its effective implementation requires institutional readiness, efficient payment systems, and the active involvement of all stakeholders. The regional government, the Regional House of Representatives (DPRD), tourism industry actors, and customary communities must work hand in hand to ensure that the levy is administered in accordance with the principles of transparency and accountability. The digitalisation of payment systems, real-time financial reporting, and independent oversight constitute crucial elements in building public trust among both local communities and international tourists.

In practice, the effectiveness of this policy is highly influenced by tourists' level of understanding and awareness of the levy's purpose and objectives.

Continuous public education through social media, tour guides, and official information dissemination is essential to prevent resistance from tourists. Tourists are more likely to support policies perceived to directly impact cultural preservation and environmental protection, provided they receive explanations that are honest, clear, and communicative. Therefore, a comprehensive public communication strategy must be an integral part of implementing this levy.

On the other hand, implementation challenges also arise from potential regulatory overlap and weak inter-agency coordination. The lack of consistency between central and regional government policies may undermine the effectiveness of the levy. Therefore, the harmonisation of policies and implementing regulations, such as Regional Regulations (*Peraturan Daerah*), becomes essential. Such regulations not only elaborate technical provisions but also ensure that the processes of collection, management, and allocation of funds are carried out in accordance with legal principles and social justice.

In addition, the involvement of customary communities as cultural entities that preserve the continuity of Balinese traditions constitutes an integral component of this policy. Customary communities function not only as beneficiaries but also as moral and social guardians of the policy's sustainability. In this context, customary villages (*desa adat*) and other traditional institutions should be empowered to actively contribute to public education, oversight, and the allocation of levy funds for cultural preservation initiatives.

From a broader perspective, the policy on foreign tourist levies, as regulated under Law Number 15 of 2023, reflects a new direction in regional governance oriented toward sustainability. This approach integrates legal, economic, cultural, and environmental dimensions. Therefore, this law is not merely administrative in nature but also ideological, as it positions Bali as a model of regional autonomy grounded in a strong local identity.

Accordingly, the optimisation of the implementation of Law Number 15 of 2023, particularly regarding the foreign tourist levy policy, requires a comprehensive and sustainable approach. Not only must the legal framework be strengthened, but technical, social, and cultural dimensions

must also be addressed in a balanced manner. Such an approach is essential to ensure that the resulting policy is not merely effective in the short term but is also capable of safeguarding the long-term sustainability of Bali as one of the world's leading tourist destinations.

Based on the foregoing background, several legal issues may be formulated for further examination. First, how is the mechanism for implementing the foreign tourist levy in Bali Province regulated and administered? Second, how does Bali's foreign tourist levy policy compare with similar policies in other countries? Third, what strategies can be adopted to optimise the foreign tourist levy policy and ensure its conformity with the principles of sustainable tourism?.

II. METHODS

Based on the research questions outlined above, the scope of this study focuses on regional levies, particularly their regulatory framework, strategic role, and relevance within the context of the implementation of regional autonomy in the Province of Bali. To facilitate the process of analysis, this study employs a normative legal research method.

As is well recognised, normative legal research is a type of legal inquiry grounded in library-based research and oriented toward the examination of legal principles, norms embodied in statutory regulations, and relevant legal doctrines.⁷ To support this research, two principal approaches are employed: the statutory and comparative approaches. The statutory approach involves examining and analysing various laws and regulations directly related to the imposition and development of regional levies. Meanwhile, a comparative approach is used to identify and assess the mechanisms and procedures for collecting foreign tourist levies in other jurisdictions that have implemented similar policies.

⁷ Taufik Firmanto et al, *Metodologi Penelitian Hukum: Panduan Komprehensif Penulisan Ilmiah Bidang Hukum* (PT. Sonpedia Publishing Indonesia, 2024).

III. THE IMPLEMENTATION MECHANISM OF FOREIGN TOURIST LEVIES IN THE PROVINCE OF BALI

Law Number 15 of 2023 concerning Bali Province establishes a strategic regulatory framework that provides special recognition of Bali's distinctive cultural, social, and environmental characteristics, which differ fundamentally from those of other regions in Indonesia.⁸ Such distinctiveness is reflected not only in Bali's deeply rooted cultural traditions, but also in its customary-based social system, which continues to exist and function effectively within the daily life of the community. Accordingly, through this regulatory framework, the state grants Bali broader authority to administer its regional development in a manner aligned with and responsive to local values and traditions.⁹ This regulatory framework expressly mandates strengthening regional autonomy, particularly in the governance of the tourism sector, which is the backbone of Bali's economy. Such enhancement of regional autonomy should be interpreted not merely as the delegation of administrative authority, but also as the conferral of legal legitimacy on the regional government to formulate policies that are adaptive to local needs and conditions. In this regard, tourism governance is no longer solely oriented toward increasing tourist arrivals. Still, it is instead directed toward the development of sustainable tourism grounded in the preservation of cultural heritage and the protection of the environment.

As a province possessing world-class tourism potential, Bali faces an inherent dilemma between economic exploitation and the preservation of local values and cultural identity.¹⁰ On the one hand, the tourism sector contributes significantly to regional revenue generation and the welfare of local communities. On the other hand, uncontrolled tourism development can threaten environmental sustainability and undermine local cultural values. Accordingly, a policy instrument is required that can reconcile economic interests with the imperatives of sustainability.

⁸ Lawrence M Friedman, *The Legal System: A Social Science Perspective* (New York: Russell Sage Foundation, 1975).

⁹ Abhiseka, Antari & Anggreni, *supra* note 3.

¹⁰ Richard Butler, *The Tourism Area Life Cycle: Review, Relevance and Revision* (Channel View Publications, 2024).

One of the policy instruments provided for in Law Number 15 of 2023 is the imposition of a special levy on foreign tourists. This provision establishes a strong legal basis for the regional government to formulate selective fiscal policies oriented toward sustainability. The foreign tourist levy is regarded as a mechanism for redistributing tourism benefits, whereby tourists who enjoy Bali's natural beauty and cultural richness are expected to contribute to the preservation and sustainability of these resources.¹¹

From a theoretical perspective, this policy is consistent with the views advanced by sustainable tourism scholars such as Stefan Gössling, Daniel Scott, and C. Michael Hall, who emphasise that contemporary tourism policies must extend beyond purely economic functions. Tourism should instead be governed as an integrated system intrinsically connected to environmental, socio-cultural, and sustainability dimensions.¹² Accordingly, the foreign tourist levy functions not merely as a source of regional revenue, but also as a regulatory instrument aimed at minimising the adverse impacts of mass tourism.

From a legal perspective, the enactment of Law Number 15 of 2023 reinforces the legitimacy of the imposition of levies that had previously been regulated under various regional policies. This regulatory framework provides greater legal certainty and reduces the potential for normative conflicts between the central government and regional authorities. With a clear legal basis in place, the Provincial Government of Bali possesses stronger authority to administer the levy as an integral component of its sustainable regional development policy.¹³

As a follow-up to the enactment of the law, the Provincial Government of Bali promulgated Regional Regulation Number 6 of 2023, which details the mechanism for implementing the foreign tourist levy. This regulation encompasses various essential aspects, including the underlying policy principles, the subjects and objects of the levy, tariff rates, payment

¹¹ Stefan Gössling & C Michael Hall, *Tourism and Global Environmental Change: Ecological, Social, Economic and Political Interrelationships* (Routledge, 2006).

¹² *Making Tourism More Sustainable: A Guide for Policy Makers*, by United Nations Environment Programme & World Tourism Organization (2005).

¹³ Deli & Nugraha, *supra* note 5.

mechanisms, and the management and supervision of the collected funds. Through such comprehensive regulation, the levy policy possesses not only normative legitimacy but also a clear operational framework.¹⁴

The levy amount is set at IDR 150,000 per foreign tourist, payable either before arrival in Bali or upon arrival. The determination of this tariff reflects a balance between tourists' financial capacity and the funding requirements for preservation and sustainability programs. The payment mechanism is conducted electronically through an e-payment system, thereby demonstrating the government's effort to enhance efficiency, transparency, and accountability in regional financial governance.¹⁵ This system also facilitates foreign tourists in fulfilling their obligations without being required to undergo complicated administrative procedures.

In its implementation, levy collection points are concentrated at the principal entry gateways to Bali, such as Ngurah Rai International Airport and major seaports.¹⁶ This strategy is intended to ensure that the levy system effectively covers all foreign tourists entering the country. Furthermore, the utilisation of proof of payment in the form of barcodes or electronic documents enables a verification process that is both rapid and accurate in practical implementation.

Table 1. Mechanism for the Implementation of Foreign Tourist Levies in Bali.

Implementation Stage	Description	Actors Involved	Technology/System Used
Regulatory Establishment	Regional Regulation	Provincial Government and	Digitalisation of regulations and

¹⁴ Putu Ersa Citra Pratiwi et al, "Realisasi E-Government Pemungutan Retribusi Wisatawan Asing Melalui Aplikasi Love Bali" (2025) 4:4 RIGGS: Journal of Artificial Intelligence and Digital Business.

¹⁵ Richard Heeks, *Implementing and Managing eGovernment: An International Text* (SAGE Publications, 2006).

¹⁶ Richard Sharpley & David J Telfer, *Tourism and Development: Concepts and Issues* (Channel View Publications, 2002).

		the legal basis for the imposition of the levy	Regional House of Representatives (DPRD)	online publication
Collection Points		Ngurah Rai International Airport and major seaport	Airport authorities, and Tourism Office	Digital payment systems (QR code, e-wallet)
Payment Tourists	by	Direct payment upon arrival using various payment methods	Tourists, officers	field Digital payment applications and terminals
Monitoring and Enforcement		Transaction monitoring, compliance supervision, and enforcement of sanctions	Supervisory authorities, Civil Service Police Unit (<i>Satpol PP</i>)	IT-based real-time monitoring system
Reporting and Transparency		Real-time reporting of fund utilization and periodic audits	Financial Office and auditors	Publicly accessible digital reporting system

This table illustrates the implementation mechanism of the foreign tourist levy in the Province of Bali, which is structured into five main stages, ranging from regulatory establishment to reporting and transparency in the use of funds.

1. Regulatory Establishment

The enactment of a Regional Regulation (*Peraturan Daerah*) serves as the initial legal basis for imposing the foreign tourist levy. The involvement of the Regional House of Representatives (DPRD) and the Provincial Government indicates that the levy is both legally grounded and participatory. The digitalisation of legal documents and their online publication enhances the policy's accessibility and transparency for both the public and tourists.

2. Collection Points

Airports and seaports, as primary entry points, are designated as strategic locations for levy collection. This arrangement ensures the effectiveness and efficiency of the collection process, given that the majority of foreign tourists enter Bali through these points. The Tourism Office plays a key role in integrating this system into daily operational practices.

3. Payment by Tourist

The payment process is facilitated through various methods, including e-wallets, credit cards, and QR codes. The adoption of modern digital payment technologies not only enhances convenience for tourists but also accelerates transaction recording and minimises the risk of revenue leakage.

4. Monitoring and Enforcement

Monitoring is carried out by supervisory authorities and the Civil Service Police Unit (*Satpol PP*) to ensure compliance with levy obligations by tourists and tourism stakeholders. A real-time monitoring system enables more precise, data-driven oversight and facilitates the detection of violations or irregularities.

5. Reporting and Transparency

Measures aimed at strengthening transparency and accountability in the administration of the foreign tourist levy are central to maintaining public trust. An openly accessible digital reporting system has been regarded as a concrete manifestation of the principle of public accountability, whereby every utilisation of public funds must be systematically accounted for to society. Periodic audit mechanisms are likewise positioned as instruments of control intended to ensure that the allocation of funds remains consistent with its normative objectives, namely cultural preservation and environmental protection. From the perspective of public accountability theory, transparency is not merely construed as openness of information but rather as an institutional obligation to ensure that every policy that produces public impact can be subjected to rational and objective scrutiny. Accordingly, public trust is not established through policy rhetoric alone but through the consistent implementation of independently verifiable governance practices.¹⁷

With advances in information technology, the levy collection system has become more digitalised. The implementation of an electronic payment system enables transactions to be processed efficiently and securely, with real-time documentation. The availability of multiple payment methods, both online and offline, provides convenience for foreign tourists in fulfilling their financial obligations without encountering complex administrative barriers. The use of information technology in this context also reflects the principles of good governance, particularly in terms of the efficiency and effectiveness of public service delivery. The digital system functions not merely as a transactional instrument but also as a data-driven supervisory mechanism capable of minimising potential leakage of regional revenue.¹⁸

¹⁷ Mark Bovens, *The Oxford Handbook of Public Accountability* (Oxford University Press, 2014).

¹⁸ *Tourism Trends and Policies 2024*, by Organisation for Economic Co-operation and Development (2024).

The use of technology in real-time reporting has significantly enhanced the accountability of levy fund management. Automatically recorded data enable continuous, systematic monitoring of inflows and outflows of funds. Within the framework of e-government theory, the digitalisation of public services has been widely recognised as a strategic instrument for improving the quality of governance. The integration of digital systems into the foreign tourist levy policy marks a paradigm shift from a conventional administrative approach to a technology-based one that is more adaptive to global dynamics and contemporary governance demands.

In the context of Bali Province, the term “foreign tourist levy” is more legally appropriate than the terms “tourist tax” or “tourism tax.” From the perspective of Indonesian fiscal law, the foreign tourist levy in Bali does not fall strictly within the conventional categories of regional taxes or regional retributions as regulated under Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments. Instead, the levy constitutes a special regional charge established under the *lex specialis* framework of Law Number 15 of 2023 concerning Bali Province. Accordingly, the use of the term “levy” reflects the distinctive legal character of the policy as a culture-based and sustainability-oriented funding instrument within Bali’s special regional governance framework.

Coordination between the central and regional governments is a key factor in ensuring the successful implementation of the levy policy. Policy synchronisation encompassing the stages of planning, implementation, and evaluation is necessary to prevent regulatory disharmony. A lack of synergy among policies may give rise to legal uncertainty, which could ultimately hinder the effectiveness of levy implementation. From the perspective of legal system theory as advanced by Lawrence M. Friedman, the effectiveness of a legal policy is determined by the harmony between legal structure, legal substance, and legal culture. A strong legal structure requires effective institutional coordination, while legal substance must be formulated clearly and consistently. Legal culture, in this context, is

reflected in the level of compliance demonstrated by foreign tourists and tourism industry stakeholders with respect to their levy obligations.¹⁹

The involvement of various stakeholders also plays a strategic role in maintaining the legitimacy of the levy policy. Supervisory authorities, tourism business actors, and customary law communities are integral to implementing the foreign tourist levy policy. Broad participation reflects the application of the participatory principle in governance, whereby public policies are not formulated solely through a top-down approach but also incorporate contributions from actors directly affected by them. Within the framework of collaborative governance, multi-stakeholder involvement is regarded as capable of enhancing policy effectiveness by creating synergy among diverse interests.²⁰

The electronic payment mechanism conducted through the Regional General Treasury Account reflects the application of the principle of transparency in regional financial management. Proof of payment in the form of barcodes or electronic documents facilitates verification while reducing the potential for data manipulation. The provision requiring foreign tourists to present proof of payment before engaging in tourism activities demonstrates the existence of a robust law enforcement mechanism. From the perspective of compliance theory, the clarity and certainty of sanctions are important factors in enhancing compliance with a particular policy.²¹

The management of levy funds, classified as part of Regional Original Revenue (Pendapatan Asli Daerah), also demonstrates the integration of fiscal and development policy. The allocation of such funds to cultural and environmental protection reflects the application of the earmarked levy concept, whereby the levy is used for purposes specifically designated and normatively determined.²² The principles of well-directed planning, targeted utilisation, and transparent management constitute the primary indicators for assessing the effectiveness of such a policy. Periodic

¹⁹ Friedman, *supra* note 8.

²⁰ Peter E Murphy, *Tourism: A Community Approach* (Routledge, 1985).

²¹ Tom R Tyler, *Why People Obey the Law* (Princeton University Press, 2021).

²² *Tourism Trends and Policies 2022*, by Organisation for Economic Co-operation and Development (2022).

evaluations of the levy amount likewise demonstrate an adaptive approach that accounts for economic dynamics and developments in the global tourism sector.

The participation of customary law communities in the planning and supervision of the policy constitutes an essential element in strengthening its social legitimacy.²³ Customary law communities occupy a strategic position as guardians of the cultural values that constitute the principal attraction of Bali's tourism sector. Their involvement not only strengthens the policy's supervisory dimension but also ensures that the implemented measures remain aligned with local wisdom and indigenous values.²⁴ From the perspective of community-based tourism, the participation of local communities is a fundamental prerequisite for establishing tourism that is both sustainable and equitable.

The effectiveness of the levy policy is determined not solely by the technical aspects of levy collection but also by the quality of fund management. The collected funds must be administered professionally with due regard to the principles of accountability and transparency. The proper and targeted utilisation of such funds will generate positive impacts on cultural and environmental preservation, which in turn will enhance the quality of the tourism destination. From the perspective of sustainable development theory, investment in environmental and cultural preservation constitutes a fundamental foundation for long-term economic sustainability.

The direct benefits experienced by tourists also constitute an important indicator for assessing the policy's success. A cleaner environment, improved infrastructure, and authentic cultural experiences will enhance Bali's attractiveness as a global tourism destination. In this context, the foreign tourist levy is not merely a financial obligation but a contribution to improving the destination's overall quality and sustainability.

Challenges in implementing the foreign tourist levy policy remain an issue that cannot be overlooked in the context of complex tourism governance.

²³ Ramadhan & Rafiqi, *supra* note 4.

²⁴ Anak Agung Sagung Laksmi Dewi, Mella Ismelina Farma Rahayu & Anak Agung Ngurah Adhi Wibisana, "Green Tourism in Sustainable Tourism Development in Bali Based on Local Wisdom" (2023) *Jurnal Dinamika Hukum*.

One of the principal concerns that frequently arises is the potential for leakage within the levy collection system, whether caused by technical deficiencies or inefficient administrative practices. Such leakage not only reduces the potential for regional revenue generation but may also diminish public trust in the policy being implemented. In addition, the relatively low level of compliance among foreign tourists, particularly when the levy mechanism has not yet been fully integrated or adequately disseminated, poses a further challenge. Insufficient understanding among tourists of the levy's objectives and benefits may lead to resistance or even attempts to evade such obligations.

On the other hand, inter-agency coordination also constitutes a crucial factor in determining the effectiveness of policy implementation. In practice, the foreign tourist levy policy involves multiple stakeholders, ranging from regional government authorities, airport authorities, and immigration agencies to tourism industry actors such as hotels and travel agencies. A lack of synchronisation among policies, procedures, and information systems across these institutions may lead to inefficiency and increase the likelihood of implementation errors. Accordingly, strengthening technology-based supervisory systems, alongside enhancing institutional capacity, constitutes a strategic measure that must be prioritised. From the perspective of institutional theory, the ability of institutions to administer, supervise, and adapt policies in response to existing dynamics represents a key determinant of successful policy implementation.

The overall policy framework, as set out in Regional Regulation Number 6 of 2023, demonstrates that the foreign tourist levy has been designed not merely as a fiscal instrument but also as a policy with strong normative and strategic dimensions. This policy reflects the regional government's effort to integrate essential legal, economic, social, and cultural considerations into a comprehensive governance framework. Such a holistic approach is particularly relevant in the context of Bali as a tourism destination endowed with cultural and environmental richness that must be preserved sustainably. Accordingly, the policy is directed not only toward increasing

regional revenue but also toward safeguarding local identity and ensuring the sustainability of the tourism ecosystem.

Nevertheless, the successful implementation of the policy is determined not solely by the quality of its regulatory design, but also by the consistency of its practical enforcement and the commitment of all stakeholders involved. The government bears primary responsibility for ensuring that the regulation is implemented transparently and accountably. At the same time, local communities serve as social supervisors, ensuring that the policy remains aligned with local cultural values. On the other hand, tourism industry actors also have a responsibility to support policy implementation through compliance and active participation in disseminating and socialising the policy to foreign tourists.

Synergy among stakeholders constitutes a fundamental prerequisite for establishing a system that is not only administratively effective but also equitable and sustainable. Strong collaboration will enable the realisation of a levy mechanism that is efficient, transparent, and capable of generating tangible benefits for all parties involved. Through effective coordination, the potential for conflicts of interest may be minimised, thereby allowing policy implementation to operate more optimally and coherently.

Accordingly, the foreign tourist levy policy in Bali may be regarded as a strategic measure to direct tourism development toward a sustainability-oriented paradigm. An approach grounded in transparency, participation, and accountability is expected to maintain a balance between economic growth and the preservation of cultural heritage and the environment. Ultimately, the sustainability of Bali as one of the world's leading tourism destinations will largely depend upon the ability of all stakeholders to administer and implement this policy consistently, adaptively, and with integrity over the long term.²⁵

²⁵ R A M Poetra, "Over-Tourism, Sustainability, Indigenous Peoples, Bali" (2024) *Jurnal USM Law Review*.

IV. COMPARISON OF FOREIGN TOURIST LEVY POLICIES WITH OTHER COUNTRIES

The foreign tourist levy policy in Bali Province is a manifestation of regional fiscal policy aimed at cultural preservation and environmental protection.²⁶ The selection of Bhutan, Venice, Japan, and the Maldives as comparative jurisdictions is based on several considerations. First, these destinations represent international tourism regions experiencing significant tourism pressure and implementing tourism-related levies as sustainability instruments. Second, each jurisdiction adopts different governance approaches, ranging from environmental conservation and visitor limitation to digitised levy systems and culture-based tourism management. Third, these jurisdictions provide relevant comparative models for Bali because they similarly rely on tourism as a major economic sector while simultaneously facing challenges related to overtourism, environmental degradation, and cultural preservation.

The policy is positioned not merely as an instrument to increase Regional Original Revenue (Pendapatan Asli Daerah/PAD), but also as a mechanism to internalise the external impacts generated by tourism activities. From the perspective of environmental economics, this approach is consistent with the concept of the internalisation of externalities, whereby social costs that were previously unaccounted for within economic activities are imposed upon the relevant actors or service users, in this context, foreign tourists.²⁷ Accordingly, the levy policy possesses a corrective dimension aimed at addressing market distortions arising from the exploitation of natural and cultural resources without a proportional contribution toward their preservation and sustainability.

Similar practices have been implemented in various international destinations experiencing high tourism pressure, such as Bhutan, Venice, Italy, Japan, and the Maldives. These jurisdictions have developed tourism levy schemes with varying collection mechanisms; however, they share a

²⁶ Levent Selman Göktaş & Gürel Çetin, "Tourist tax for sustainability: Determining willingness to pay" (2023) *European Journal of Tourism Research*.

²⁷ J Rosselló-Nadal, "Tourism Taxation: Balancing revenues, competitiveness and sustainability" (2026) *Tourism Management*.

common principal objective, namely the promotion and maintenance of destination sustainability.²⁸ In this context, the foreign tourist levy policy cannot be understood merely as a local phenomenon, but rather as part of a broader global trend in sustainable tourism governance.

Globally, foreign tourist levies have become a common practice in several jurisdictions that prioritise the principle of “high value, low impact tourism,” such as Bhutan, Japan, Italy (particularly Venice), and the Maldives.²⁹ Each jurisdiction has developed mechanisms for levy collection, management, and reporting that align with its local characteristics and national policy framework.

Table 2. Comparison of Foreign Tourist Levy Policies in Selected Countries.³⁰

Country	Type of Levy	Tariff Rate	Collection Mechanism	Purpose of Found Utilization	Special Notes
Bali, Indonesia	Tourism Levy	IDR 150,000 per foreign tourist	Collected at airports and major seaports	Cultural preservation and environmental protection; local revenue (PAD)	Utilizes a digital system

²⁸ Ko Koens, Albert Postma & Birgit Papp, “Is Overtourism Overused? Understanding the Impact of Tourism in a City Context” (2018) 10:12 Sustainability.

²⁹ H Seraphin, P Sheeran & M Pilato, “Over-tourism and the fall of Venice as a destination” (2018) Journal of Destination Marketing & Management (JDMM).

³⁰ Komang Ayu Gauraviti Pracheta Giri Putri Putri, *Implementasi Tourist Tax: Potensi Adopsi Kebijakan atas Upaya Pemanfaatan Overtourism di Indonesia* (Politeknik Negeri Bali, 2024).

Bhutan	Tourism Sustainability Fee	USD 100 per night	Collected during the visa application process	Environmental and cultural conservation	Widely recognized as one of the best models
Venic, Italy	Tourist Tax	EUR 3–10 per night	Collected at hotels and other accommodations	Tourism management and infrastructure	Rates vary depending on location
Japan	Environmental Conservation Fee	USD 1–2 per tourist	Collected through travel agencies and airlines	Environmental protection and tourism facilities	Integrated with ticketing systems
Maldives	Green Tax	USD 6 per night	Collected at hotel check-out	Coral reef conservation and environmental protection	Long-standing implementation

From the comparative table above, it may be concluded that jurisdictions implementing foreign tourist levies, such as Bhutan, Venice (Italy), and Kyoto (Japan), exhibit relatively similar policy patterns in terms of objectives, implementation mechanisms, and the utilisation of levy funds.

An analysis of levy collection mechanisms across jurisdictions indicates that systems integrated into the tourism and travel chain achieve higher compliance than manual or fragmented systems. The practice implemented in Japan may serve as a concrete example in which the tourism levy is incorporated into international transportation tickets, allowing it to be

collected automatically by airlines or transportation operators.³¹ This model reflects the application of the principle of administrative efficiency within public finance theory, whereby collection costs may be minimised through system integration. Furthermore, such an approach strengthens supervisory mechanisms, as all tourists departing from the jurisdiction are automatically subject to the levy, without relying solely on individual awareness or voluntary compliance.

The advantages of the Japanese model may also be analysed from the perspective of compliance theory, which posits that compliance will increase when payment procedures are designed to be simple, automatic, and free of additional administrative burdens for liable parties.³² The integration of the levy into transportation tickets eliminates the need for direct interaction between tourists and collection authorities, thereby minimising the potential for errors, delays, and levy avoidance. The implication for Bali lies in the need to develop a levy collection system integrated with the international tourism ecosystem, enabling seamless, efficient payment processing.

Nevertheless, implementing such a model in Bali would encounter several structural and jurisdictional barriers. Unlike Japan, Bali does not have autonomous authority over immigration, customs, and international transportation, as these sectors remain under the central government of Indonesia. Consequently, the integration of the foreign tourist levy into airline ticketing or international travel systems would require regulatory harmonisation and intergovernmental coordination involving immigration authorities, customs institutions, airport operators, and the Ministry of Transportation.

Another relevant model may be observed in Bhutan, which implements a Sustainable Development Fee as part of the tourist visa application process.³³ The levy is imposed prior to tourists entering the national

³¹ Pratiwi et al, *supra* note 14.

³² José Luis Durán-Román, Pablo Juan Cárdenas-García & Juan Ignacio Pulido-Fernández, “Tourists’ willingness to pay to improve sustainability and experience at destination” (2021) *Journal of Destination Marketing & Management* (JDMM).

³³ William C Gartner, *Tourism Development: Principles, Processes, and Policies* (Van Nostrand Reinhold, 1996).

territory, thereby ensuring compliance with payment obligations from the initial stage of travel. This approach reflects the application of the preventive principle in public policy, whereby regulatory control is exercised before activities take place rather than afterwards. From the perspective of regulatory theory, such an approach is recognised as ex-ante regulation, which is intended to prevent violations or adverse impacts before they occur.

The success of the Bhutanese model is also inseparable from its integration with the strategy of “high value, low impact tourism.” The relatively high levy is utilised as a selective instrument to limit the number of tourists while simultaneously enhancing the quality of tourism visits. This approach is consistent with the concept of environmental carrying capacity, which emphasises that the number of tourists must be adjusted to the environment’s capacity to accommodate tourism activities without experiencing degradation. Its relevance to Bali lies in the need to shift the tourism paradigm from mass tourism to quality tourism, in which the quality of tourist experiences and the contributions tourists make are prioritised over the mere quantity of arrivals.³⁴

The practice implemented in Venice, Italy, demonstrates a different yet equally relevant approach within the context of sustainable tourism governance.³⁵ The tourism levy is imposed on accommodations such as hotels and lodging facilities, with tariff rates varying by location and season of visitation. This system reflects the application of the principle of tariff differentiation in public economics, whereby the levy burden is adjusted in accordance with demand levels and the destination's carrying capacity. Furthermore, Venice has developed a digital reservation system to regulate visitor numbers, thereby demonstrating the integration of fiscal and destination management policies.

Nevertheless, adopting the Japanese model in Bali would encounter several structural and jurisdictional barriers. Unlike Japan, Bali does not have autonomous authority over immigration, customs, or international

³⁴ John Fletcher et al, *Tourism: Principles and Practice* (Pearson, 2017).

³⁵ David L Edgell & Jason R Swanson, *Tourism Policy and Planning: Yesterday, Today, and Tomorrow* (Routledge, 2024).

transportation, as such matters remain under the jurisdiction of Indonesia's central government. Accordingly, the integration of levy payments into airline ticketing systems would require regulatory harmonisation and institutional coordination at the national level, particularly involving immigration authorities, airport operators, customs institutions, and the Ministry of Transportation.

The approach adopted by Venice may be analysed through the concept of demand management, namely, the regulation of tourism demand to prevent over-tourism. In this context, the levy functions not merely as a source of revenue, but also as an instrument for regulating tourist behaviour.³⁶ In the context of Bali, this approach may be adapted by developing tariff differentiation policies or regulating visitor access to particular destinations experiencing high tourism pressure.

Meanwhile, the Maldives implements a green levy, collected from hotels and resorts when tourists check out. The funds collected are specifically allocated to environmental preservation, including coral reef protection and waste management.³⁷ This model demonstrates the importance of establishing a clear linkage between the levy and the specific objectives for which the funds are utilised. In public finance theory, this concept is recognised as an earmarked levy, namely a levy allocated for designated purposes. The clarity of fund allocation is an important factor in strengthening the policy's legitimacy, as liable parties can directly observe the benefits derived from their contributions.

A comparison of foreign tourist levy policies across jurisdictions reveals a relatively uniform pattern in three principal aspects: policy objectives, collection mechanisms, and the utilisation of collected funds.³⁸ In the global context, this policy is no longer merely a fiscal instrument for increasing state or regional revenue. Still, it has evolved into a strategic tool for supporting sustainable tourism development. This paradigm shift

³⁶ A J Veal, *Leisure, Sport and Tourism, Politics, Policy and Planning* (CABI, 2017).

³⁷ Vanda Maráková, Ewa Wszendybył-Skulska & Lenka Dzuriková, "Accommodation Tax as a Tool of Financial Management of Destination: Insights from Selected European Countries" (2025) *Tourism and Hospitality*.

³⁸ T D Vargová, "Pro-Environmental Orientation of Tourism Enterprises as a Source of Advantage" (2025) *Tourism and Hospitality*.

reflects a growing awareness of the importance of balancing economic growth, environmental preservation, and the protection of local social and cultural values that constitute the principal attractions of tourism destinations.

From a policy perspective, various jurisdictions have adopted approaches that emphasise the dual function of foreign tourist levies. In addition to serving as a source of financing, such policies also function as mechanisms for controlling the impacts of mass tourism. Countries such as Japan explicitly direct these levies toward supporting environmental conservation, destination management, and enhancing tourist experiences. This approach is consistent with the principles of sustainable development, which emphasise the integration of economic, environmental, and social dimensions. Accordingly, foreign tourist levies are not merely perceived as additional financial burdens imposed on tourists but also as direct contributions to the sustainability of the destinations they visit.

Regarding levy collection mechanisms, international practice shows that digital technology is the principal instrument for enhancing the efficiency and effectiveness of policy implementation.³⁹ Digitalisation enables the levy collection process to be conducted automatically, in an integrated manner, and with minimal manual intervention, thereby reducing the potential for revenue leakage while enhancing compliance. Electronic payment systems connected to travel tickets, accommodation reservations, or even travel applications have become widely adopted solutions. Furthermore, the utilisation of technology supports transparency by maintaining well-documented transaction records that can be periodically audited.

In Bali, the development of a digital system for the foreign tourist levy has become an urgent necessity. Cross-sectoral integration among airlines, travel agencies, and accommodation providers must be realised to ensure the levy collection process operates seamlessly and imposes no additional administrative burdens on either tourists or tourism industry actors.⁴⁰ This

³⁹ Gatot Hery Djatmiko, Obsatar Sinaga & Suharno Pawirosumarto, "Digital Transformation and Social Inclusion in Public Services" (2025) Sustainability.

⁴⁰ Ioanna Savveli, Maria Rigou & Stefanos Balaskas, "From E-Government to AI E-Government: A Systematic Review of Citizen Attitudes" (2025) Informatics.

approach is consistent with the concept of e-government, which emphasises the utilisation of information technology to improve the quality of public services, bureaucratic efficiency, and transparency in policy administration. Through an integrated system, the regional government may obtain more accurate data on tourist arrivals, visitation patterns, and potential revenue that can be further optimised.

From the perspective of fund utilisation, the experiences of other jurisdictions demonstrate that clarity in fund allocation and accountability constitute key factors in maintaining public trust.⁴¹ Funds generated from foreign tourist levies are generally allocated to the development and maintenance of tourism infrastructure, environmental conservation, and educational programs to enhance tourists' awareness of the importance of preserving destination sustainability. Transparency in the utilisation of these funds is essential not only for local communities but also for tourists who directly contribute through the levy.

From the perspective of legitimacy theory, transparency regarding the utilisation of funds will enhance public acceptance of the implemented policy.⁴² When local communities and tourists can clearly see the benefits of the levies they have paid, resistance to the policy tends to decline. Accordingly, fund management in Bali should be complemented by publicly accessible reporting mechanisms, such as digital dashboards or periodic reports published openly to the public. Such an approach not only enhances accountability but also strengthens trust in governmental institutions.

In addition to technical and managerial aspects, public communication and educational strategies play a highly significant role in determining the policy's success.⁴³ The experiences of Bhutan demonstrate that consistent, well-directed information campaigns can foster positive perceptions of

⁴¹ Abdalla Alassuli, "The Impact of Accounting Digital Transformation on Financial Transparency: Mediating Role of Good Governance" (2025) *Journal of Risk and Financial Management*.

⁴² V Q Khuc, "Exploring Youth Tourists' Perceptions and Willingness to Pay for Sustainable Tourism" (2025) *Tourism and Hospitality*.

⁴³ Rehmat Karim, "To Be Digital Is to Be Sustainable—Tourist Perceptions and Tourism Development Foster Environmental Sustainability" (2025) *Sustainability*.

tourist levies. Tourists who understand that their contributions are utilised to preserve environmental and cultural sustainability tend to be more receptive to such policies and do not perceive them as burdensome. Within the framework of policy communication theory, the clarity of messages, consistency of information, and the selection of appropriate communication channels constitute the principal factors in shaping public perception.

Within the context of Bali, communication strategies must be designed comprehensively by involving various stakeholders, including tourism industry actors, regional government authorities, and local communities. The utilisation of digital media, such as official websites, social media platforms, and travel applications, may serve as effective tools for conveying information to tourists both before and during their visits.⁴⁴ In addition, the role of industry actors, such as hotels and travel agencies, is equally important in providing direct education to tourists regarding the objectives and benefits of the levy.

Based on lessons from international best practices, the optimisation of the foreign tourist levy policy in Bali should focus on several strategic aspects.⁴⁵ First, strengthening detailed and operational technical regulations is essential to establish legal certainty and minimise the potential for differing interpretations during implementation. Second, the integration of digital systems across the entire tourism and travel chain must be developed to enhance efficiency, transparency, and compliance. Third, enhancing institutional capacity and human resources is an important factor in ensuring the policy is implemented effectively and sustainably.

Furthermore, the management of levy funds must be transparent and accountable, with clear allocations directed toward priority programs, such as cultural preservation, environmental protection, and the improvement of tourism infrastructure quality. The involvement of customary law communities as part of the social oversight mechanism also constitutes a

⁴⁴ Robert Christie Mill & Alastair M Morrison, *The Tourism System: An Introductory Text* (Prentice Hall, 1985).

⁴⁵ John R Walker & Josielyn T Walker, *Tourism: Concepts and Practices* (Pearson, 2011).

strategic measure to strengthen the policy's legitimacy and ensure that the utilisation of funds remains aligned with highly respected local values.

Such community participation not only enhances accountability but also reinforces a sense of collective ownership over the implemented policy.

Accordingly, the foreign tourist levy policy in Bali possesses substantial potential to serve as a strategic instrument in supporting the realisation of sustainable tourism. The success of this policy is determined not only by the quality of its regulatory design, but also by the effectiveness of system integration, the transparency of fund management, and the active participation of local communities and other stakeholders. The adaptation of international best practices, while taking into account Bali's local context and characteristics, will produce a policy that is not only administratively effective but also equitable, inclusive, and sustainable over the long term.⁴⁶

V. STRATEGIES FOR OPTIMIZING THE FOREIGN TOURIST LEVY POLICY IN ALIGNMENT WITH THE PRINCIPLES OF SUSTAINABLE TOURISM

The foreign tourist levy policy in Bali Province constitutes a fiscal instrument designed within the framework of sustainable tourism governance.⁴⁷ The existence of this policy is intended not merely to increase Regional Original Revenue, but also to internalise the negative externalities generated by mass tourism activities. From the perspective of environmental economics, the policy represents the implementation of the concept of a Pigouvian levy, namely a levy imposed to correct market failures arising from negative externalities such as environmental degradation, pressure on public infrastructure, and the commodification of local culture.⁴⁸ Such an approach positions the levy policy as a corrective instrument with a dual function: as a source of financing and as a regulatory mechanism to control excessive tourism activities. This policy orientation

⁴⁶ Napaporn Janchai & Adisak Suvittawat, "The Structural Equation Model of Factors Affecting Decision-Making on Low-Carbon Tourist Destinations" (2025) Sustainability.

⁴⁷ Göktaş & Çetin, *supra* note 26.

⁴⁸ Rosselló-Nadal, *supra* note 27.

emphasises that the optimisation of the levy must be directed toward achieving a balance among economic, social, and environmental dimensions, as mandated within the concept of sustainable development.⁴⁹

Strengthening the regulatory framework is the principal foundation for ensuring the effective implementation of the foreign tourist levy policy.⁵⁰ Harmonisation between central and regional regulations is necessary to establish legal certainty and to prevent normative disharmony that may hinder policy implementation. The integration of levy policies into the national legal system, as reflected in Japan's practice, demonstrates that synchronisation among regulatory frameworks can enhance administrative efficiency while minimising jurisdictional conflicts. The incorporation of levies into international transportation tickets reflects a systemic approach that links fiscal considerations to global mobility. Its relevance to Bali lies in the urgency of developing a regulatory model that is not sectoral but rather integrated into the overall system of tourism governance.⁵¹ Such an approach enables the levy policy to function optimally as part of a comprehensive regulatory and control mechanism.

The effectiveness of legal policy within this context may be analysed through the legal system theory advanced by Lawrence M. Friedman, which emphasises the importance of harmony among legal substance, legal structure, and legal culture. Legal substance, as embodied in Law Number 15 of 2023 and Regional Regulation Number 6 of 2023, has provided a strong normative foundation. The legal structure requires further strengthening through effective coordination among the institutions involved in policy implementation. Meanwhile, legal culture relates to the level of compliance demonstrated by foreign tourists and tourism industry actors with respect to levy obligations. The integration of these three elements constitutes a fundamental prerequisite for the effective and sustainable optimisation of the policy.

The formulation of technical regulations that are both operational and adaptive also carries significant importance in supporting policy

⁴⁹ Fletcher et al, *supra* note 34.

⁵⁰ Janchai & Suvittawat, *supra* note 46.

⁵¹ Gartner, *supra* note 33.

implementation. The levy mechanism implemented at the initial stage of travel, as practised by Bhutan through its visa system, demonstrates effectiveness in ensuring tourist compliance. Such an approach reflects the application of the principle of preventive regulation, whereby regulatory control is exercised before tourism activities take place. Its implication for Bali lies in the necessity of strengthening payment mechanisms that may be completed prior to tourist arrival, thereby ensuring that compliance does not rely entirely upon supervision at entry points. This approach is likewise consistent with the concept of adaptive governance, which emphasises policy flexibility in responding to global dynamics, including fluctuations in tourist arrivals and changes in travel behavior.

The optimisation of the foreign tourist levy policy also requires the comprehensive utilisation of digital technology.⁵² The digitalisation of payment and reporting systems constitutes a manifestation of the principles of good governance, particularly with respect to transparency, efficiency, and accountability. The integration of levy systems with travel platforms, as practised in Japan, demonstrates that the utilisation of technology is capable of enhancing compliance while simultaneously minimising revenue leakage. Electronic payment systems connected to airlines, travel agencies, and accommodation reservation platforms enable levies to be collected automatically without requiring complex administrative intervention. These conditions demonstrate that digitalisation is not merely a technical innovation, but rather a strategic instrument for enhancing policy effectiveness.

The utilisation of technology also contributes to supporting evidence-based policy-making.⁵³ Data concerning tourist arrivals, consumption patterns, and environmental impacts may be analysed to evaluate the effectiveness of the levy policy. This approach is consistent with modern public administration theory, which emphasises the importance of utilising information technology to improve the quality of decision-making processes. The transformation toward digital governance enables regional governments to formulate policies that are more responsive to changing

⁵² Djatmiko, Sinaga & Pawirosumarto, *supra* note 39.

⁵³ Savveli, Rigou & Balaskas, *supra* note 40.

tourism conditions, while simultaneously enhancing accuracy in development program planning.

Transparency and accountability in the management of levy funds constitute crucial elements in maintaining the legitimacy of the policy.⁵⁴ Experiences in various jurisdictions demonstrate that transparency regarding the utilisation of funds is capable of enhancing public trust. The principle of public accountability requires that every use of public funds be openly accountable and accessible to society. The provision of a transparent digital reporting system therefore becomes an important instrument in ensuring that levy funds are utilised in accordance with their designated purposes.

Independent and periodic audit mechanisms are likewise necessary to guarantee the integrity of fund management and to prevent potential irregularities or misuse.

The management of levy funds must be grounded in the principles of efficiency and effectiveness, as articulated within public finance theory.⁵⁵ The proper and targeted allocation of funds will generate direct impacts on cultural and environmental preservation, which in turn will enhance the quality of tourism destinations. The concept of earmarked levy becomes particularly relevant in this context, whereby the levy is utilised for specific purposes that bear a direct relationship to the sector upon which the levy is imposed.⁵⁶ Such an approach ensures that tourists not only contribute financially but also help maintain the sustainability of the destinations they visit.

Strengthening institutional capacity is a key factor in the successful implementation of the foreign tourist levy policy. Within the framework of institutional theory, policy effectiveness is strongly influenced by institutions' ability to perform their functions and exercise their authority optimally.⁵⁷ The Maldives, which has long implemented a green levy

⁵⁴ Alassuli, *supra* note 41.

⁵⁵ Maráková, Wszendybył-Skulska & Džúriková, *supra* note 37.

⁵⁶ Vargová, *supra* note 38.

⁵⁷ Iwan Harsono, "Tourism industry performance: The role of local government in West Nusa Tenggara" (2024) JEJAK.

policy, demonstrates that institutional consistency in levy administration is a key factor in policy success. Such conditions underscore the importance of enhancing human resource competencies and strengthening inter-agency coordination.⁵⁸ The establishment of a specialised unit responsible for levy administration may enhance implementation effectiveness while reducing the potential for policy fragmentation.

The involvement of customary law communities in policy implementation constitutes a strategy possessing significant comparative advantages.⁵⁹ Customary law communities in Bali serve as guardians of the cultural values that constitute the principal attraction of the tourism sector. The concept of community-based tourism emphasises that the participation of local communities will enhance policy sustainability and promote a more equitable distribution of benefits.⁶⁰ The involvement of customary law communities in the planning, implementation, and supervision of the levy policy will strengthen its social legitimacy and enhance the effectiveness of policy implementation at the local level.

The integration of local values, such as *Tri Hita Karana*, provides a distinctive normative dimension within the foreign tourist levy policy.⁶¹ The concept emphasises the balance between the relationship of humans with God, fellow human beings, and the environment. This local wisdom-based approach not only reinforces Bali's cultural identity but also provides an ethical foundation for tourism governance.⁶² From the perspective of globalisation, integrating global and local values is an important strategy for

⁵⁸ I Nyoman Sudipa, Nyoman Utari Vipriyanti & Putu Edi Yastika, "Environmental management model for Tanjung Bena tourism attraction" (2025) *Jurnal Ilmu Lingkungan*.

⁵⁹ I Nengah Agus Tripayana & et al, "Tri Hita Karana philosophy in the awig-awig of the Bali Aga community towards ecological citizenship" (2024) *Komunitas: International Journal of Indonesian Society and Culture*.

⁶⁰ Maria Paskalia Aninda & Yudi Bachrioktora, "Conceptualization of community-based tourism in Kampung 99" (2024) *Forum Ilmu Sosial*.

⁶¹ Lidya Lestari Sitohang & Nugroho Hari Purnomo, "Sustainable tourism and local wisdom: A two-sided phenomenon of the implementation of Tri Hita Karana in tourism in Bali" (2023) *Jurnal Geografi: Geografi dan Pengajarannya*.

⁶² Ni Made Suarminiati & Nyoman Subanda, "Local wisdom for Bali's sustainable economy" (2025) *JPPUMA: Jurnal Ilmu Pemerintahan dan Sosial Politik UMA*.

formulating policies that are both relevant to the local context and competitive globally.

Public communication strategies and tourist education constitute important factors in enhancing acceptance of the levy policy.⁶³ International experience demonstrates that clear dissemination of information about the levy's objectives and benefits can increase tourist compliance. From the perspective of legitimacy theory, acceptance of a policy is strongly influenced by perceptions of fairness and the benefits perceived by those subject to the policy. Transparent and communicative dissemination of information, therefore, constitutes an important instrument in fostering positive perceptions toward the foreign tourist levy policy.

The integration of the levy policy with the concept of quality tourism constitutes a relevant strategy for promoting sustainable tourism.⁶⁴ The principle of “high value, low impact tourism” implemented in Bhutan demonstrates that a levy can serve as a selective instrument to control the number of tourists while simultaneously enhancing the quality of tourism visits. Such an approach is relevant to adopt, taking into account environmental carrying capacity and the distinctive characteristics of Bali's tourism destinations. The levy policy, therefore, functions not merely as a source of revenue, but also as an instrument for directing tourist behaviour toward more responsible patterns of consumption.

The utilisation of levy funds to support environmental conservation programs, the development of sustainable infrastructure, and cultural preservation will generate long-term benefits for tourism destinations.⁶⁵ From the perspective of sustainable development theory, investment in environmental and social dimensions constitutes a prerequisite for economic sustainability. An optimally managed levy policy will create a positive cycle in which improvements in destination quality attract higher-quality tourists with greater awareness of sustainability principles.

Benchmarking against international practices provides an empirical foundation for formulating strategies to optimise the policy. Comparative

⁶³ Karim, *supra* note 43.

⁶⁴ Mill & Morrison, *supra* note 44.

⁶⁵ Edgell & Swanson, *supra* note 35.

analysis across various jurisdictions demonstrates that the success of levy policies is influenced by system integration, transparency in fund management, and clarity regarding the objectives for which the funds are utilised.⁶⁶ The comparative law approach enables learning from other jurisdictions without disregarding local characteristics. The adaptation of international practices must therefore be undertaken selectively by taking into account Bali's social, cultural, and economic context.

The overall strategies outlined above demonstrate that optimising the foreign tourist levy policy requires a holistic, integrated approach.⁶⁷ Synergy among regulatory strengthening, system digitalisation, enhancement of institutional capacity, transparency in fund management, involvement of customary law communities, and public communication strategies is a determining factor in the policy's success. The integration of international best practices with local wisdom will further strengthen Bali's position as a sustainable global tourism destination.

Accordingly, the foreign tourist levy policy possesses substantial potential to serve as a strategic instrument for realising sustainable tourism in Bali. An approach grounded in the principles of justice, transparency, and sustainability will ensure that the policy not only generates economic benefits but also preserves cultural heritage and environmental sustainability over the long term.

VI. CONCLUSION

First, the foreign tourist levy policy has demonstrated strong legitimacy, both juridically and conceptually, as a fiscal instrument oriented toward sustainability. The enactment of Law Number 15 of 2023, followed by Regional Regulation Number 6 of 2023, has established a comprehensive legal foundation governing the mechanisms for levy collection, administration, and fund utilisation. From the perspective of environmental economics, the policy represents the implementation of the Pigouvian levy concept, functioning to internalise the negative externalities arising from

⁶⁶ Walker & Walker, *supra* note 45.

⁶⁷ Fletcher et al, *supra* note 34.

tourism activities. Impacts such as environmental degradation, pressure on infrastructure, and the commodification of culture are no longer regarded as consequences separate from economic activities; instead, they have been incorporated into the financing scheme through the levy mechanism. This approach underscores that tourism is not merely an economic sector but a system whose balance between growth and sustainability must be preserved. Accordingly, the levy policy functions not merely as a source of Regional Original Revenue, but also as a corrective instrument possessing ecological and social dimensions.

Second, the effectiveness of policy implementation is largely determined by system integration, institutional capacity, and stakeholder compliance. The levy collection mechanism implemented through digital systems at principal entry points reflects an effort to modernise public administration in line with the principles of good governance. Digitalisation enables greater transparency, efficiency, and accountability in the management of levy funds. The utilisation of real-time reporting systems and periodic audits has further strengthened public trust in regional financial governance. Nevertheless, successful implementation depends not only on technical aspects but also on inter-institutional coordination and community participation, particularly the involvement of customary law communities as guardians of cultural values. Within the framework of legal system theory, harmony among legal substance, institutional structure, and legal culture constitutes a fundamental prerequisite for policy success. Challenges such as potential revenue leakage, low compliance, and policy disharmony must therefore be addressed by strengthening institutional capacity and enhancing technology-based supervisory mechanisms.

Third, optimising the foreign tourist levy policy requires a strategic approach that integrates international best practices with Bali's local wisdom. Comparisons with jurisdictions such as Bhutan, Japan, Italy, and the Maldives demonstrate that policy success is strongly influenced by the integration of levy systems within the tourism travel chain, the clarity of fund allocation, and the effectiveness of public communication. Approaches such as "high value, low impact tourism" provide direction for Bali to transform from mass tourism toward a more sustainable model of

quality tourism. The integration of local values such as Tri Hita Karana further strengthens the policy's ethical dimension, ensuring it is oriented not only toward economic efficiency but also toward social and environmental harmony. Transparent and educational communication strategies likewise play important roles in increasing tourists' acceptance of the levy. By adopting a holistic approach that combines robust regulation, digital technology, community participation, and lessons derived from global practices, the foreign tourist levy policy in Bali possesses substantial potential to become a highly competitive model of sustainable tourism governance at the international level.

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ARTIFICIAL INTELLIGENCE USE STATEMENT

The author declares that Artificial Intelligence (AI)-based tools were used in a limited capacity during the preparation of this manuscript, entitled "*The Legal Configuration of Foreign Tourist Levies as an Instrument for Sustainable Tourism in Bali*", submitted to *Jurnal Kajian Pembaharuan Hukum*. AI tools were used solely for grammar and language editing, and to assist with drafting and outlining certain parts of the manuscript. No AI tools were used for data analysis or visualisation. The author confirms that no part of the manuscript was generated entirely by AI, without human review, editing, and intellectual contribution. The author takes full responsibility for the accuracy, originality, and integrity of the content. The use of AI in the preparation of this manuscript does not violate research ethics, authorship criteria, or publication integrity.

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