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Tourism Tax Justice in Bali: Assessing the Distribution of Tourism-Related Fiscal Burdens and Benefits

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Abstract

Tourism is a major contributor to Bali's economy, but intensive tourism activity also generates infrastructure demands, environmental pressures, and public-service costs borne partly by local governments and residents. Tourism-related taxation and levies therefore have an important role in determining how these costs and benefits are distributed. This article examines tourism taxation in Bali from the perspective of fiscal and distributive justice. Using normative juridical and policy analysis, the study evaluates tourism-related taxes, local fiscal authority, revenue allocation, and public expenditure mechanisms. The article argues that tourism taxation should reflect both the economic benefits generated by tourism businesses and the public costs associated with tourism activity. The study proposes a tourism tax justice framework based on beneficiary-pays principles, environmental cost internalization, transparency, and community-oriented revenue allocation. Particular attention is given to whether tourism-generated fiscal revenue is sufficiently directed toward waste management, infrastructure, cultural preservation, environmental protection, and community welfare in heavily visited areas. The article concludes that Bali's tourism tax system should be evaluated not merely according to its revenue-generating capacity but according to its contribution to equitable destination governance. Transparent allocation of tourism-related revenues would strengthen public accountability and ensure that tourism growth generates broader social benefits.

[*Pariwisata merupakan penyumbang utama perekonomian Bali, namun aktivitas pariwisata yang intensif juga menimbulkan kebutuhan infrastruktur, tekanan terhadap lingkungan, serta biaya layanan publik yang sebagian ditanggung oleh pemerintah daerah dan masyarakat setempat. Oleh karena itu, pajak dan retribusi terkait pariwisata memegang peranan penting dalam menentukan bagaimana biaya dan manfaat tersebut didistribusikan. Artikel ini mengkaji perpajakan pariwisata di Bali dari perspektif keadilan fiskal dan distributif. Dengan menggunakan metode yuridis normatif dan analisis kebijakan, studi ini mengevaluasi pajak terkait pariwisata, kewenangan fiskal* *daerah, alokasi pendapatan, serta mekanisme pengeluaran publik. Artikel ini berargumen bahwa perpajakan pariwisata seharusnya mencerminkan baik manfaat ekonomi yang dihasilkan oleh usaha pariwisata maupun biaya publik yang timbul akibat aktivitas pariwisata. Studi ini mengusulkan kerangka kerja keadilan pajak pariwisata yang didasarkan pada prinsip pihak penerima manfaat yang menanggung biaya (*beneficiary-pays*), internalisasi biaya lingkungan, transparansi, serta alokasi pendapatan yang berorientasi pada masyarakat. Perhatian khusus diberikan pada sejauh mana pendapatan fiskal dari pariwisata dialokasikan secara memadai untuk pengelolaan sampah, infrastruktur, pelestarian budaya, perlindungan lingkungan, dan kesejahteraan masyarakat di kawasan yang banyak dikunjungi wisatawan. Artikel ini menyimpulkan bahwa sistem pajak pariwisata Bali sebaiknya tidak hanya dievaluasi berdasarkan kapasitasnya dalam menghasilkan pendapatan, melainkan juga berdasarkan kontribusinya terhadap tata kelola destinasi yang berkeadilan. Alokasi pendapatan terkait pariwisata yang transparan akan memperkuat akuntabilitas publik dan memastikan bahwa pertumbuhan pariwisata menghasilkan manfaat sosial yang lebih luas.*]

Keywords: Bali, tourism taxation, fiscal justice, local taxation, tourism governance

Introduction

Tourism taxation has become increasingly important in destinations where visitor activity generates both substantial economic value and significant public costs. Hotels, restaurants, entertainment venues, transportation providers, attractions, and other tourism-related businesses benefit from public infrastructure, environmental assets, cultural resources, sanitation systems, roads, public security, and destination branding. At the same time, intensive tourism can increase waste generation, congestion, water consumption, pressure on public infrastructure, land values, housing costs, and environmental degradation. The fiscal question is therefore not simply how much tourism revenue can be collected, but who should bear the cost of maintaining the destination and who ultimately benefits from the fiscal resources generated by tourism.

Bali represents a particularly important case for examining this question. Tourism has become deeply integrated into the province's economic structure. Statistics Indonesia reported that Bali's economy grew by 5.48 percent during 2024, while accommodation and food and beverage services accounted for 21.75 percent of the province's economic structure in the fourth quarter of that year. Tourism activity also remained substantial, with 551,100 foreign-tourist arrivals recorded in December 2024 alone and star-hotel occupancy reaching 63.71 percent during that month. These figures demonstrate the economic importance of tourism while simultaneously illustrating why destination infrastructure and public services face continuing pressure.

The economic significance of tourism, however, does not necessarily imply an equitable distribution of its benefits. Tourism revenues can be concentrated among investors, property owners, accommodation operators, platforms, and larger businesses, while residents may bear costs associated with congestion, waste, environmental degradation, rising land prices, and the commercialization of public and cultural spaces. Research published in the *Indonesian Tourism Justice Review* has similarly identified tensions between mass-tourism revenues and benefits received by local communities, particularly in areas such as Kuta and Ubud, where tourism has been associated with rising living costs, cultural commodification, and changes in traditional livelihoods (Maharani, Wulandari, and Wiranata 2024).

This distributive problem is directly relevant to taxation. If tourism businesses and visitors generate economic benefits from a destination's natural, cultural, and infrastructural assets, the fiscal system can function as a mechanism for converting part of those private benefits into resources for maintaining the public goods upon which tourism depends. Tourism taxation can therefore be understood not merely as an instrument of revenue mobilization but as a mechanism of destination governance.

Cбrdenas-Garcнa et al. (2022) conceptualize tourism taxation as a potential financing mechanism for sustainability in mass-tourism destinations. Their analysis emphasizes that tourism taxes and fees can generate resources for environmental protection, infrastructure, destination management, and improvements in the tourist experience. Their findings are particularly relevant to Bali because they demonstrate that tourism taxation can be justified not merely as a fiscal extraction from visitors but as a mechanism for financing public interventions necessitated by tourism itself.

The justice dimension becomes clearer when tourism taxation is examined through the beneficiary-pays and polluter-pays principles. The beneficiary-pays principle suggests that those who derive economic value from publicly provided tourism assets should contribute to their maintenance. The polluter-pays principle extends the argument to situations where tourism activities impose identifiable environmental costs. In Bali, therefore, hotels, restaurants, tourism operators, visitors, and other beneficiaries may reasonably be expected to contribute toward infrastructure, environmental management, cultural preservation, and destination resilience.

This argument does not mean that every tourism-related public expenditure should be financed exclusively by tourism taxes. Tourism is embedded within the broader regional economy, and residents also benefit from tourism-generated employment, infrastructure, and economic activity. Rather, fiscal justice requires an appropriate relationship between the benefits derived from tourism and the public costs attributable to tourism. The relevant question is whether the fiscal system sufficiently captures and redistributes tourism-related value to address the costs created by the sector.

The Indonesian legal framework provides an increasingly important basis for this analysis. Law No. 10 of 2009 on Tourism establishes the legal foundation for tourism development, while Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments substantially restructures local taxation and regional fiscal relations. The latter introduces the Tax on Certain Goods and Services (*Pajak Barang dan Jasa Tertentu* or PBJT), including taxes relating to hotel accommodation, food and beverage services, parking, entertainment, and other specified services. The framework therefore gives local governments greater institutional capacity to capture part of the economic value generated by tourism.

Tourism taxation in Bali also has a distinctive additional instrument. Regional Regulation No. 6 of 2023 established a levy on foreign tourists for the protection of Balinese culture and the natural environment. The levy was implemented at IDR 150,000 per foreign tourist beginning in February 2024 and is intended to support the preservation, conservation, and revitalization of Bali's cultural and natural environment as well as related public services and infrastructure. Government Regulation through Bali Governor Regulation No. 36 of 2023 subsequently established procedures for payment and governance of the foreign tourist levy.

The foreign tourist levy is particularly significant for tax-justice analysis because its legal purpose is explicitly connected to cultural and environmental protection. Unlike a general tax whose revenues enter the general public budget, a levy justified by destination-specific costs creates a stronger normative expectation that its revenues should generate visible benefits for the destination and its communities. This raises questions concerning transparency, earmarking, participation, and measurable outcomes.

The concept of tourism justice has also expanded beyond fiscal distribution. Recent Indonesian literature emphasizes that tourism development can create interconnected economic, social, cultural, environmental, and territorial inequalities. Wardani and Umar (2025), for example, argue that tourism development can produce land dispossession, labor exploitation, displacement, and unequal access to tourism-generated wealth, thereby requiring a broader conception of distributive justice. Similarly, research on tourism and environmental justice in Indonesia highlights the disproportionate environmental consequences borne by lower-income coastal communities whose livelihoods depend upon natural resources (Putranto 2025).

Cultural justice is equally relevant to Bali because tourism draws heavily upon cultural resources. Research on cultural justice in Indonesian tourism argues that the commercialization of indigenous cultures can produce cultural distortion and economic exploitation when communities do not retain meaningful control over the representation and commercialization of their heritage (Mustafa, Tukan, and Kusuma 2024). More recent research emphasizes that local communities should be recognized as custodians of cultural heritage and should participate in decisions concerning tourism-related cultural commercialization (Rahman and Zulkifli 2025).

The fiscal implications are therefore substantial. If tourism depends upon environmental and cultural assets that are collectively maintained, but fiscal revenues are primarily assessed according to their capacity to fund general government operations, the connection between tourism taxation and destination sustainability can become weak. Conversely, if tourism-related revenues are transparently connected to the protection fiscal justice in the specific context of Bali. Existing literature has extensively examined tourism taxation as an instrument for revenue generation and sustainability, while emerging Indonesian scholarship has examined tourism justice, cultural justice, environmental justice, and economic inequality. This study brings these strands together by asking whether Bali's tourism-related of the resources that generate tourism demand, taxation can strengthen both fiscal legitimacy and destination resilience.

This article contributes to the literature by connecting tourism taxation with fiscal justice in the specific context of Bali. Existing literature has extensively examined tourism taxation as an instrument for revenue generation and sustainability, while emerging Indonesian scholarship has examined tourism justice, cultural justice, environmental justice, and economic inequality. This study brings these strands together by asking whether Bali's tourism-related fiscal instruments adequately connect the economic benefits of tourism with the public costs imposed on destination communities.

The article's contribution is threefold. First, it develops a normative framework for evaluating tourism taxation through distributive, environmental, and territorial justice rather than solely through revenue performance. Second, it analyzes the interaction between Indonesia's local-taxation framework and Bali's foreign tourist levy. Third, it proposes a Tourism Fiscal Justice Framework that emphasizes transparent allocation, environmental cost internalization, community participation, and measurable public outcomes.

This research employs a normative juridical and policy-analysis approach. The normative juridical analysis examines Indonesian and Balinese legal instruments governing tourism, regional taxation, public finance, environmental protection, and the foreign tourist levy. Particular attention is given to Law No. 10 of 2009 on Tourism, Law No. 1 of 2022 on Financial Relations between the Central Government and Regional Governments, Law No. 15 of 2023 on the Province of Bali, Regional Regulation of Bali No. 6 of 2023 concerning the Foreign Tourist Levy for Cultural and Environmental Protection, and Governor Regulation of Bali No. 36 of 2023 concerning payment procedures for the levy. The analysis is complemented by official statistical information from Statistics Indonesia concerning tourism activity and Bali's economic structure.

The policy analysis evaluates the legal framework through theories of tax justice, fiscal federalism, environmental externalities, beneficiary-pays principles, sustainable tourism, and destination governance. Academic literature on tourism taxation and tourism justice is used to assess whether fiscal instruments correspond to the distribution of tourism-generated benefits and costs. Relevant Indonesian scholarship published in the journal is incorporated selectively where it directly contributes to the analysis of economic inequality, environmental impacts, cultural justice, and community participation. The study is doctrinal and analytical rather than econometric; consequently, it does not estimate a causal fiscal incidence or calculate a precise tourism-tax burden for individual communities.

Tourism Growth, Fiscal Extraction, and the Distribution of Economic Benefits

The first dimension of tourism tax justice concerns the relationship between tourism-generated economic value and the fiscal contributions imposed on tourism beneficiaries. The conventional fiscal approach evaluates tourism taxation largely through revenue productivity: the government identifies taxable activities, establishes tax bases and rates, collects revenues, and uses the resulting funds for public expenditure. From a justice perspective, however, this approach is incomplete because it does not ask whether the distribution of fiscal burdens corresponds to the distribution of tourism benefits.

Bali's tourism economy illustrates this problem. The accommodation and food and beverage sector accounted for 21.75 percent of Bali's economic structure in the fourth quarter of 2024, while the province recorded 5.48 percent annual economic growth during 2024. Tourism therefore represents far more than a peripheral sector. It is embedded within the province's economic system and contributes to employment, investment, consumption, business formation, and local government revenues.

Yet tourism value is not distributed evenly. Large hotels and resorts, restaurants, property investors, transportation businesses, digital platforms, and international tourism intermediaries may capture substantial portions of tourism expenditure, while local communities may receive smaller shares through employment and small-business activities. This creates a potential divergence between-tourism economy. Their research associates tourism expansion with cultural commodification, rising living costs, displacement, and changes in traditional livelihoods. Wanggai and Tukan similarly argue that tourism the geographical location of tourism's economic benefits and the geographical location of its costs.

Maharani, Wulandari, and Wiranata (2024) identify this tension in their analysis of social justice in Bali's mass-tourism economy. Their research associates tourism expansion with cultural commodification, rising living costs, displacement, and changes in traditional livelihoods. Wanggai and Tukan similarly argue that tourism revenues in popular Indonesian destinations can be concentrated among larger economic actors while local communities receive an insufficient proportion of tourism-generated wealth (Wanggai and Tukan 2024). Although these studies do not focus exclusively on taxation, they provide an essential basis for understanding why tourism taxation must be evaluated in relation to the broader distribution of tourism value.

Fiscal federalism provides a useful analytical framework. Oates (1972) argues that decentralized government can improve the efficiency of public-service provision where local governments possess information concerning local preferences and conditions service corresponds reasonably closely to the population financing it. Applied to tourism, this suggests that tourists and tourism businesses should contribute toward destination-specific services from which they benefit or whose costs they generate. If residents finance the majority of tourism-related waste management, infrastructure maintenance, environmental protection, and cultural preservation through general taxation, while tourism operators and visitors capture a disproportion. In tourism destinations, local governments may be particularly well positioned to identify the infrastructure and environmental costs associated with visitor activity. However, decentralization produces justice benefits only when revenue authority and expenditure responsibilities are sufficiently aligned.

The principle of fiscal equivalence is especially relevant. Olson (1969) argues that public services are more efficiently provided when the population benefiting from a service corresponds reasonably closely to the population financing it. Applied to tourism, this suggests that tourists and tourism businesses should contribute toward destination-specific services from which they benefit or whose costs they generate. If residents finance the majority of tourism-related waste management, infrastructure maintenance, environmental protection, and cultural preservation through general taxation, while tourism operators and visitors capture a disproportionate share of the economic value, fiscal equivalence is weakened.

Tourism taxation can partially correct this imbalance. Cбrdenas-Garcнa et al. (2022) demonstrate that tourism taxes and fees can provide resources for sustainability policies and destination management, particularly in mass-tourism destinations where public expenditures increase because of visitor activity. Wiley Online Library Tourism taxation therefore has a dual function: it generates revenue and potentially aligns private tourism activity with public costs.

Indonesia's Law No. 1 of 2022 is important in this regard because it reorganizes regional tax authority and consolidates certain tourism-related taxes within the PBJT framework. The inclusion of accommodation, food and beverage, entertainment, and parking-related activities within local taxation provides a mechanism through which local governments can capture part of the economic value generated by tourism. The fiscal legitimacy of these taxes rests partly on the fact that tourism businesses depend heavily on local public infrastructure and destination assets.

Nevertheless, the existence of taxation does not establish distributive justice. A tourism business may pay local taxes while the resulting revenue is allocated to general expenditure unrelated to the destination pressures generated by tourism. General taxation is not inherently unjust because public budgets serve multiple social purposes. However, where the tax is specifically justified by tourism-related costs, and the natural environment. Its legal design therefore establishes a stronger link between the fiscal contribution and the public goods that justify the charge. The levy of IDR 150,000 per foreign tourist, implemented from February 2024, represents an explicit attempt to make international visitors contribute toward the preservation of the destination from which they derive recreational and experiential a stronger relationship between revenue and destination management is normatively desirable.

This distinction becomes particularly significant for Bali's foreign tourist levy. The levy is expressly associated with the protection of Balinese culture and the natural environment. Its legal design therefore establishes a stronger link between the fiscal contribution and the public goods that justify the charge. The levy of IDR 150,000 per foreign tourist, implemented from February 2024, represents an explicit attempt to make international visitors contribute toward the preservation of the destination from which they derive recreational and experiential benefits. cgibali.gov.in

From a beneficiary-pays perspective, this design is defensible. Foreign tourists benefit from Bali's cultural landscapes, temples, beaches, natural ecosystems, public spaces, of the burden may ultimately be shifted to consumers through higher prices, workers through wage pressures, or local suppliers through contractual adjustments. Consequently, the legal taxpayer is not necessarily identical to the person who nominal progressivity of the tax system may not correspond to its actual distributional effects. Conversely, a well-designed system can ensure that tourism businesses and visitors with greater capacity infrastructure, and destination identity without ordinarily contributing through ordinary resident taxation. A visitor-specific levy can therefore be understood as a mechanism for requiring non-resident beneficiaries to contribute toward destination maintenance.

However, beneficiary-pays taxation should not be confused with unlimited fiscal extraction. Tourism is price-sensitive, and excessive taxes can reduce demand or shift expenditure toward untaxed activities and competing destinations. Сбrdenas-Garcна et al. (2022) emphasize the importance of understanding tourist Tourism tax justice therefore requires proportionality: the fiscal burden should be sufficient to address destination costs without unnecessarily undermining the economic activity that generates employment and local business opportunities.

This proportionality principle is particularly important because tourism taxation can have indirect incidence. A hotel tax may initially be collected from tourists or businesses, but part of the burden may ultimately be shifted to consumers through higher prices, workers through wage pressures, or local suppliers through contractual adjustments. Consequently, the legal taxpayer is not necessarily identical to the person who bears the economic burden.

A justice-based assessment must therefore examine the entire tourism value chain. If large tourism corporations can shift taxes onto local workers or small suppliers while maintaining profit margins, the nominal progressivity of the tax system may not correspond to its actual distributional effects. Conversely, a well-designed system can ensure that tourism businesses and visitors with greater capacity to pay contribute proportionately more to destination management.

The problem of benefit distribution also intersects with land and housing. Tourism development can increase property values and encourage conversion of residential and agricultural land into tourism uses. Research on tourism development and gentrification in Indonesia identifies rising property prices, displacement, and marginalization of lower-income communities as significant concerns (Putri 2024). Tourism taxation cannot solve these problems alone, but it can provide fiscal resources for infrastructure, housing-related public services, community development, and spatial management.

Accordingly, tourism tax justice requires a shift from the question "How much revenue does tourism generate?" to the more analytically significant question "How much public value is created from tourism revenue, and who receives it?" Revenue collection is only the first stage of fiscal justice. The subsequent stages involve allocation, expenditure, service delivery, and measurable community outcomes.

Environmental and Cultural Externalities: From Tourism Taxation to Cost Internalization

The second dimension of tourism tax justice concerns externalities. Tourism markets generally do not incorporate all environmental and cultural costs into private transactions. A hotel guest pays for accommodation but does not necessarily pay directly for the additional waste generated by the stay, the water consumed, the pressure on local ecosystems, or the long-term maintenance of cultural assets. A restaurant captures revenue from visitors but does not automatically bear the full taxation. Where private transactions impose costs on third parties, appropriately designed taxes can internalize those costs by aligning private decision-making with social costs. In tourism, the relevant external cost of waste treatment, traffic congestion, or environmental pressure associated with increased tourism activity.

Pigou's (1920) theory of externalities provides the classical economic justification for corrective taxation. Where private transactions impose costs on third parties, appropriately designed taxes can internalize those costs by aligning private decision-making with social costs. In tourism, the relevant externalities include waste, water consumption, congestion, emissions, ecosystem degradation, cultural commodification, and pressure on public infrastructure.

The Bali context makes this particularly significant because tourism depends heavily upon environmental and cultural resources. Beaches, marine ecosystems, forests, rice terraces, temples, traditional architecture, ceremonies, and cultural landscapes contribute to the destination's attractiveness. and a specific public purpose. However, rigid earmarking can also reduce fiscal flexibility and may create inefficiencies if revenues exceed the financing requirements of the designated activity. The appropriate These resources are not simply commodities sold by individual businesses; they constitute forms of collective capital.

Putranto (2025) argues that tourism-related environmental pressures in Indonesia's coastal destinations can disproportionately affect lower-income communities that depend on natural resources for their livelihoods. This observation is central to environmental fiscal justice. If tourism businesses and visitors derive economic value from environmental resources while local communities bear the environmental degradation, the fiscal system effectively transfers environmental costs from beneficiaries to residents.

A tourism tax can partially correct this transfer if revenues are allocated toward environmental restoration and prevention. Cбrdenas-Garcнa et al. (2022) emphasize that tourism taxation can finance environmental and sustainability policies in destinations exposed to mass-tourism pressures. Wiley Online Library The fiscal instrument becomes more legitimate when taxpayers can observe a credible relationship between payment and environmental outcomes.

Bali's foreign tourist levy provides an especially relevant institutional example because its statutory purpose includes the protection of culture and the natural environment. The levy therefore represents more than a generic revenue instrument. Its normative legitimacy depends on whether the resulting resources are actually transformed into environmental and cultural public goods.

The principle of earmarking becomes relevant here. Earmarking can improve the political legitimacy of tourism taxes because taxpayers can see the connection between their payment and a specific public purpose. However, rigid earmarking can also reduce fiscal flexibility and may create inefficiencies if revenues exceed the financing requirements of the designated activity. The appropriate solution is therefore not necessarily complete legal earmarking but transparent functional allocation accompanied by measurable performance indicators.

For Bali, such indicators could include reductions in unmanaged waste, improvements in waste-treatment capacity, restoration of degraded ecosystems, protection of cultural heritage, preservation of traditional cultural practices, improvements in water management, and increased community participation in destination governance. The critical point is that environmental taxation should be evaluated according to outcomes rather than the mere existence of an environmental label.

Cultural resources create an additional dimension of externality. Tourism may generate revenue by commercializing cultural practices, performances, architecture, rituals, and traditional knowledge. Yet the financial beneficiaries of cultural tourism may not be the communities that maintain those cultural resources. Mustafa, Tukan, and Kusuma (2024) argue that tourism-related commodification can distort indigenous cultural practices and create risks of exploitation.

The fiscal response should therefore recognize cultural preservation as a legitimate public expenditure. If tourists are attracted by cultural heritage, a portion of tourism-generated fiscal revenue can reasonably support the communities and institutions responsible for maintaining that heritage. This could include cultural education, preservation of traditional arts, maintenance of heritage tourism growth.

This argument complements the fiscal justice perspective: cultural preservation should not be treated merely as a promotional expenditure undertaken also raises the issue of territorial inequality. Tourism pressures are not evenly distributed throughout Bali. Areas such as South Bali may experience significantly higher visitor concentrations and infrastructure, environmental vulnerability, infrastructure pressure, and population exposure. This does not mean that all tourism revenue must remain in the district where it is collected. Redistribution may be necessary because environmental systems and cultural assets cross should not be required to bear disproportionate environmental costs simply because its territory contains an economically valuable tourism resource. If tourism generates fiscal resources, those resources should, wastewater, packaging, and food waste. If waste-management capacity is financed primarily through general local revenues, residents may effectively subsidize visitor consumption.

A tourism fiscal regime can because tourism-related revenues are generated from economic activity that is highly visible to residents but may be administratively fragmented across provincial and municipal institutions. Local taxes, regional transfers, tourism levies, licensing revenues, and general budget allocations can be recorded in different budgetary categories. Without integrated information, citizens may know that tourism generates substantial revenue but remain unable to determine how much is collected, where it goes, and what public outcomes it requires greater attention to participation, distribution, and local access to tourism-generated resources. Similarly, research on sustainable tourism policy argues that economic development should be justice requires participation by communities and cultural custodians. The fiscal dimension follows logically: if tourism revenue is allocated for cultural preservation, the communities whose cultural resources are being apply to tourism-related local taxes. Citizens should be able to identify the scale of PBJT and other tourism-related revenues and determine the extent to which these resources finance tourism-related public infrastructure and revenue must be spent on tourism.

General public services such as education and healthcare benefit tourism workers and residents and can legitimately be financed from general revenues tourism. This includes tourism businesses subject to local taxation and, where legally justified, visitors subject to destination-specific levies. The principle does not imply unlimited taxation; the burden should remain proportion numbers, congestion, waste generation, and environmental degradation should not necessarily receive the same per-capita tourism-related fiscal benefit as an area experiencing much lower tourism intensity. Allocation formulas accountability requires communities to have access to information and meaningful opportunities to influence expenditure priorities. Fiscal transparency should move beyond publication of aggregate budget figures. Citizens should be able to identify how much tourism revenue was generated, how much was retained by each level of government, what projects were financed, and whether those projects generated measurable improvements integrate tourism arrivals, tourism-related tax revenue, foreign tourist levy receipts, destination infrastructure spending, waste-management expenditure, environmental restoration, cultural-pres economic environment. Transparent expenditure can therefore create a fiscal feedback mechanism in which tourism activity generates revenue, revenue finances are outcomes. This distinction is crucial for Bali because the legitimacy of tourism taxation will increasingly depend upon.

Tourism can generate immediate income while degrading environmental and cultural assets needed by future generations. A fiscal particularly relevant to Bali because tourism dependence creates vulnerability. A destination that relies heavily on tourism may experience severe economic disruption from pandemics, climate events, geopolitical instability, or shifts in tourist preferences. Tourism fiscal revenues is therefore not to maximize tourism taxation but to establish a fiscal relationship in which tourism pays a fair share of the costs associated with maintaining the destination while the resulting revenues generate broad-based public value. Tourism tax justice should make as more than an instrument for increasing regional revenue. The economic importance of tourism means that tourism-related fiscal policy has consequences for the distribution of wealth, infrastructure, environmental burdens, cultural preservation, and community welfare.

Bali's existing framework, particularly the regional taxation system established under Law No. 1 of 2022 and the foreign tourist levy established through Regional Regulation No. 6 of 2023, provides an important institutional foundation for linking tourism activity with public finance. The foreign tourist levy is especially significant because its legal purpose directly concerns the protection of Balinese culture and the natural environment. Nevertheless, the existence of these fiscal instruments does not automatically establish justice. A tourism fiscal system becomes just only when the burdens environmental cost internalization, territorial redistribution, transparency, and participatory accountability. Tourism-related revenues should be evaluated according to measurable outcomes in infrastructure, waste management, environmental restoration, cultural preservation, and community welfare rather than solely by the amount collected. Greater fiscal transparency would allow residents, businesses, and visitors to understand how tourism-generated resources are collected and used, while community participation would strengthen the legitimacy of decisions concerning cultural and environmental expenditure. In the longer term, tourism taxation should also contribute to destination resilience and economic diversification so that current tourism revenues do not compromise the welfare of future generations.

Rahman and Zulkifli (2025) emphasize the need for stronger legal mechanisms that allow indigenous and local communities to retain control over cultural heritage amid tourism growth. This argument complements the fiscal justice perspective: cultural preservation should not be treated merely as a promotional expenditure undertaken for tourists. It is also a matter of community rights and intergenerational preservation. Environmental and cultural fiscal justice consequently requires recognition of communities as producers and custodians of destination value. Tourism businesses may market Bali's landscapes and culture, but those resources are maintained through public institutions, customary communities, local labor, and collective practices. A just fiscal regime should therefore return part of the economic value extracted from these resources to their protection and reproduction.

The relationship between environmental costs and taxation also raises the issue of territorial inequality. Tourism pressures are not evenly distributed throughout Bali. Areas such as South Bali may experience significantly higher visitor concentrations and infrastructure pressures than less visited areas. A purely province-wide allocation of tourism revenues may therefore fail to compensate areas experiencing the highest marginal costs.

Territorial allocation should consequently consider tourism intensity, environmental vulnerability, infrastructure pressure, and population exposure. This does not mean that all tourism revenue must remain in the district where it is collected. Redistribution may be necessary because environmental systems and cultural assets cross administrative boundaries. However, fiscal transfers should recognize differences in the intensity of tourism-related externalities. Such an approach is consistent with environmental justice theory, which emphasizes the distribution of environmental benefits and burdens. A community should not be required to bear disproportionate environmental costs simply because its territory contains an economically valuable tourism resource. If tourism generates fiscal resources, those resources should be partly directed toward communities experiencing the associated environmental burden.

The same principle applies to waste. Tourism generates substantial volumes of solid waste, wastewater, packaging, and food waste. If waste-management capacity is financed primarily through general local revenues, residents may effectively subsidize visitor consumption. A tourism fiscal regime can correct this by directing part of tourism-related revenue toward destination-specific waste infrastructure and waste reduction programs.

Yet environmental taxation must also avoid becoming merely symbolic. A tax labeled as environmental but allocated predominantly to unrelated administrative expenditure may have weak justice credentials. Environmental fiscal justice therefore requires a chain of accountability connecting the tax base, revenue collection, allocation, expenditure, and environmental outcome. The same reasoning applies to Bali's cultural levy. The existence of a dedicated charge is not sufficient evidence of cultural justice. The government must demonstrate that the revenues contribute to the preservation and revitalization of cultural assets and that communities whose cultural resources generate tourism value participate in determining priorities. In this sense, tourism taxation should be understood as a form of resource-reproduction finance. Tourism consumes environmental, cultural, infrastructural, and social resources. Fiscal instruments should therefore help finance the reproduction and restoration of those resources so that tourism does not undermine the foundations of its own future.

Transparency, Community Participation, and a Tourism Fiscal Justice Framework for Bali

The third dimension of tourism tax justice concerns the allocation and governance of tourism-related fiscal revenues. Even a well-designed tax can generate injustice if its revenues are allocated without transparency, community participation, or measurable outcomes. Fiscal justice therefore has both distributive and procedural dimensions.

Transparency is essential because tourism-related revenues are generated from economic activity that is highly visible to residents but may be administratively fragmented across provincial and municipal institutions. Local taxes, regional transfers, tourism levies, licensing revenues, and general budget allocations can be recorded in different budgetary categories. Without integrated information, citizens may know that tourism generates substantial revenue but remain unable to determine how much is collected, where it goes, and what public outcomes it finances.

The emerging tourism-justice literature in Indonesia emphasizes precisely this relationship between tourism growth, community welfare, and governance. Wardani and Umar (2025) argue that tourism justice requires greater attention to participation, distribution, and local access to tourism-generated resources. Similarly, research on sustainable tourism policy argues that economic development should be integrated with environmental and social justice rather than treated as a separate policy objective. Procedural justice therefore complements distributive justice. A community may receive a financial allocation, but if it has no meaningful opportunity to influence how the allocation is used, fiscal redistribution may remain paternalistic. Community participation becomes particularly important where tourism revenues are associated with cultural and environmental resources that local communities have historically maintained.

Bali's cultural governance context makes this issue particularly significant. Tourism depends upon Balinese cultural identity, but decisions concerning the commercialization and preservation of culture cannot be left exclusively to government agencies and tourism businesses. Cultural justice requires participation by communities and cultural custodians. The fiscal dimension follows logically: if tourism revenue is allocated for cultural preservation, the communities whose cultural resources are being preserved should have a meaningful role in identifying priorities.

The foreign tourist levy creates an opportunity to institutionalize this principle. Because the levy is specifically associated with cultural and environmental protection, the government could publish an annual tourism fiscal report showing total levy collection, geographic distribution, expenditure categories, funded projects, implementation status, and measurable outcomes. Such reporting would strengthen the connection between payment and public benefit.

A similar transparency mechanism should apply to tourism-related local taxes. Citizens should be able to identify the scale of PBJT and other tourism-related revenues and determine the extent to which these resources finance tourism-related public infrastructure and services. This would make it possible to evaluate whether high-tourism areas receive proportionate investments in waste management, roads, public transportation, sanitation, environmental protection, and cultural preservation.

The issue is not that all tourism tax revenue must be spent on tourism. General public services such as education and healthcare benefit tourism workers and residents and can legitimately be financed from general revenues. Rather, transparency allows citizens to evaluate the balance between general fiscal needs and destination-specific pressures. The concept of fiscal justice can therefore be operationalized through a Tourism Fiscal Justice Framework consisting conceptually of four interconnected principles: beneficiary contribution, cost internalization, territorial redistribution, and participatory accountability. These principles should not be treated as isolated policy instruments but as stages of a single fiscal-governance system.

Beneficiary contribution requires those who derive economic value from Bali's tourism economy to make an appropriate contribution toward the public resources enabling tourism. This includes tourism businesses subject to local taxation and, where legally justified, visitors subject to destination-specific levies. The principle does not imply unlimited taxation; the burden should remain proportionate to economic benefits and the costs attributable to tourism. Cost internalization requires tourism-related fiscal instruments to address environmental and infrastructural externalities. Revenues associated with tourism should therefore contribute to waste management, water management, environmental restoration, transportation infrastructure, cultural preservation, and destination resilience. This principle transforms tourism taxation from a general revenue mechanism into an instrument of sustainable destination management.

Territorial redistribution requires revenues to be allocated according to the spatial distribution of tourism pressures. A district experiencing exceptionally high visitor numbers, congestion, waste generation, and environmental degradation should not necessarily receive the same per-capita tourism-related fiscal benefit as an area experiencing much lower tourism intensity. Allocation formulas should therefore incorporate indicators of tourism pressure and environmental vulnerability.

Participatory accountability requires communities to have access to information and meaningful opportunities to influence expenditure priorities. Fiscal transparency should move beyond publication of aggregate budget figures. Citizens should be able to identify how much tourism revenue was generated, how much was retained by each level of government, what projects were financed, and whether those projects generated measurable improvements.

This approach can be strengthened through a Tourism Fiscal Justice Dashboard. Such a system could integrate tourism arrivals, tourism-related tax revenue, foreign tourist levy receipts, destination infrastructure spending, waste-management expenditure, environmental restoration, cultural-preservation expenditure, community programs, and socioeconomic indicators. The objective would not be to disclose commercially sensitive information but to provide sufficient aggregate information for citizens to evaluate whether tourism-generated fiscal resources produce public value. The dashboard could also address the problem of fragmented governance. Tourism taxation in Bali involves provincial and local governments, while tourism activity itself crosses administrative boundaries. A common information system would make it easier to determine the relationship between tourism intensity and fiscal expenditure.

Such transparency can strengthen tax legitimacy. When visitors understand that a tourism levy supports environmental and cultural protection, willingness to pay may increase. Cбrdenas-Garcнa et al. (2022) demonstrate that tourists' acceptance of tourism taxation is influenced by the purposes associated with the tax and their perceptions of destination sustainability. Wiley Online Library This implies that communication concerning the use of revenue is not merely a public-relations exercise; it is an element of fiscal compliance and legitimacy.

The same principle applies to tourism businesses. Businesses are more likely to accept taxation when they perceive that public revenues support infrastructure and services that improve the destination's economic environment. Transparent expenditure can therefore create a fiscal feedback mechanism in which tourism activity generates revenue, revenue finances destination quality, and destination quality supports sustainable tourism. However, accountability should extend beyond taxpayers and visitors to government itself. If tourism-related revenue increases but waste-management outcomes remain poor, infrastructure deteriorates, or cultural preservation remains underfunded, the problem cannot automatically be attributed to inadequate tax revenue. It may reflect expenditure inefficiency, weak coordination, or poor governance.

This observation is central to fiscal justice because taxation alone cannot guarantee development. The quality of expenditure is at least as important as the quantity of revenue collected. A destination may collect substantial tourism taxes while residents continue to experience inadequate sanitation or environmental degradation. Conversely, a destination with moderate tourism taxation may achieve strong public outcomes if its fiscal governance is efficient and participatory.

The framework therefore proposes that tourism tax justice should ultimately be measured through outcomes rather than inputs. Revenue collection is an input; infrastructure, environmental quality, cultural preservation, and community welfare are outcomes. This distinction is crucial for Bali because the legitimacy of tourism taxation will increasingly depend upon whether visitors and residents can observe tangible public benefits. The governance of tourism also requires consideration of intergenerational justice. Tourism can generate immediate income while degrading environmental and cultural assets needed by future generations. A fiscal system that uses tourism revenues exclusively for current consumption may therefore fail to preserve the productive foundations of future tourism and community welfare. Part of tourism-related fiscal resources should be invested in long-term environmental restoration, climate resilience, cultural preservation, and economic diversification.

This principle is particularly relevant to Bali because tourism dependence creates vulnerability. A destination that relies heavily on tourism may experience severe economic disruption from pandemics, climate events, geopolitical instability, or shifts in tourist preferences. Tourism fiscal revenues should therefore contribute not only to maintaining the current tourism economy but also to strengthening the resilience of local communities.

The fiscal system should consequently support diversification and resilience investments. Tourism-generated revenue could contribute to public transportation, renewable energy, water security, environmental restoration, digital infrastructure, creative industries, agricultural linkages, and local entrepreneurship. Such investments reduce the risk that Bali's future economic welfare becomes excessively dependent upon continuously increasing visitor numbers. The ultimate objective is therefore not to maximize tourism taxation but to establish a fiscal relationship in which tourism pays a fair share of the costs associated with maintaining the destination while the resulting revenues generate broad-based public value. Tourism tax justice should make tourism financially accountable to the communities and ecosystems upon which it depends.

Conclusion

Tourism taxation in Bali should be understood as more than an instrument for increasing regional revenue. The economic importance of tourism means that tourism-related fiscal policy has consequences for the distribution of wealth, infrastructure, environmental burdens, cultural preservation, and community welfare. Bali's existing framework, particularly the regional taxation system established under Law No. 1 of 2022 and the foreign tourist levy established through Regional Regulation No. 6 of 2023, provides an important institutional foundation for linking tourism activity with public finance. The foreign tourist levy is especially significant because its legal purpose directly concerns the protection of Balinese culture and the natural environment. Nevertheless, the existence of these fiscal instruments does not automatically establish justice. A tourism fiscal system becomes just only when the burdens imposed on tourism beneficiaries are proportionate to the benefits they obtain and when the revenues generated are translated into tangible improvements for communities and public goods affected by tourism.

The article therefore proposes that Bali adopt a Tourism Fiscal Justice Framework centered on beneficiary contribution, environmental cost internalization, territorial redistribution, transparency, and participatory accountability. Tourism-related revenues should be evaluated according to measurable outcomes in infrastructure, waste management, environmental restoration, cultural preservation, and community welfare rather than solely by the amount collected. Greater fiscal transparency would allow residents, businesses, and visitors to understand how tourism-generated resources are collected and used, while community participation would strengthen the legitimacy of decisions concerning cultural and environmental expenditure. In the longer term, tourism taxation should also contribute to destination resilience and economic diversification so that current tourism revenues do not compromise the welfare of future generations. Bali's fiscal challenge is therefore not simply to collect more from tourism, but to construct a fiscal system in which tourism-generated economic value is transformed into sustainable and equitably distributed public value.

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