



Digital Nomad: Analysis of Legal Impact and Government Influence on The Concept of Cultural Tourism in Bali

Putu Lantika Oka Permadhi¹, Kadek Apriliani²

Faculty of Law, Universitas Mahasaraswati Denpasar^{1,2}

lantikaope@unmas.ac.id¹, avrillhya@unmas.ac.id²

08234017771², 08113862501²

Abstract - Digital nomadism has emerged as a growing trend within the global tourism landscape, offering unique opportunities for Bali's cultural tourism sector. By attracting remote workers who seek immersive travel experiences, Bali can develop cultural tourism rooted in local wisdom, thus revitalizing its tourism industry. This approach is particularly relevant as the sector recovers from the severe impacts of the Covid-19 pandemic. However, technological advancements have provided support to the tourism and creative economy sectors in navigating the pandemic. The purpose of this research is to understand the legal impacts and government influences on the concept of cultural tourism in Bali. This study employs normative legal research based on secondary data. The research focuses on analyzing legal standards to provide fresh claims, hypotheses, or ideas as guidelines for addressing issues, making it a more in-depth study. The findings indicate that the presence of digital nomads in Bali significantly impacts the preservation of cultural tourism centered on tradition and local wisdom. While this phenomenon brings positive economic effects, such as increased consumption and local investment, the negative impacts on culture and the environment must also be considered. The commercialization of culture, changes in social landscapes, value conflicts, and environmental pressures are the main challenges for Bali in maintaining its cultural identity.

Keywords: Digital Nomad, Legal Impact, Cultural Tourism in Bali

I. INTRODUCTION

As a renowned cultural tourism destination, Bali holds a unique position in the global tourism landscape. The rise of digital nomadism is transforming this sector, attracting remote workers who value both cultural engagement and a flexible lifestyle. By capitalizing on this trend, Bali can strengthen its cultural tourism offerings and drive economic recovery, particularly in light of the challenges posed by the Covid-19 pandemic. This study explores how digital nomadism reshapes Bali's cultural tourism, creating new opportunities for sustainable growth rooted in local wisdom. Tourism is considered the largest industry of this century, evident from various indicators such as its contribution to employment and global revenue. It has become an important sector in economic development in various countries, including both developed and developing nations. Indonesia, which relies on tourism as one of its sources of foreign exchange, offers a diverse range of travel places. Tourism development-related activities encompass accommodation, transportation, food, beverages, and extensive services. Soemarwoto states that tourism development involves various aspects such as tourist activities, visitors, infrastructure and amenities, tourist attractions, allure, assistance and amenities, and the surrounding environment, (Chang, 2024).

Tourism is an activity that benefits not only the sector itself but also the country and society. It is also important to note that tourism does not exist in isolation, as it involves various other dimensions such as politics, economy, social aspects, culture, law, and defense and

security. Community participation in tourism development can occur through three stages: planning, implementation, and benefits, which are suitable for application in a specific area. One step to enhance the tourism sector in Indonesia is to develop cultural tourism based on local wisdom. Indonesia is a country that has advantages in the tourism sector, particularly in culture. This is due to the diversity of ethnicities, races, cultures, religions, beliefs, and other aspects present in Indonesia. Cultural diversity is an inseparable part of Indonesia's identity. The cultural diversity in Indonesia is undeniable. Indonesia's cultural diversity is evident in its various ethnic groups, languages, and customs, (Sihombing & Lestari, 2022).

Indonesia is capable of uniting various forms of diversity in accordance with the motto *Bhinneka Tunggal Ika*, which means Unity in Diversity. This cultural diversity provides a great opportunity to enhance cultural tourism through cultural diplomacy. In developing community-based tourism, the goal is to promote tourism rooted in local wisdom to support sustainable tourism. This is achieved by improving the welfare of local communities and turning it into a source of income for the region or the country. For the tourism industry in particular, the COVID-19 outbreak has been a nightmare. However, technological advancements have supported the tourism and creative economy sectors in facing the pandemic. One key to survival for tourism operators is the ability to adapt, innovate, and collaborate effectively. This is reflected in the implementation of digital tourism. Promoting travel places and possibilities online is a successful tactic known as "digital tourism." As far as Indonesia's tourism industry and creative economy are concerned, digital tourism is a major breakthrough, as it enhances the openness and adaptability of society to technological developments.

The uniqueness of digital tourism is the emergence of the phenomenon of digital nomads. In relation to the increasingly common remote work model, a digital nomad is a person who creates a career and lifestyle while on vacation. The trend of workcations among digital nomads makes sense given how digitalization has impacted many facets of people's lives. The result is the rise in international visitors who take up this way of life. Concerns over their status as foreign nationals working as freelancers or digital nomads in Indonesia, especially in Bali, have arisen as the number of digital nomads has increased. This affects their initial purpose of coming to Bali as tourists to support the local economy, as Bali has become a workplace for earning income. Thus, although digital nomads have economic potential through their spending, their presence raises questions about legal and social impacts. Therefore, the issues being studied are whether Indonesian law is ready to accommodate this lifestyle and how the presence of digital nomads affects the sustainability of Bali's cultural tourism based on tradition and local wisdom.

II. METHOD

The type of research used is normative legal research based on secondary data. Normative law is a method that focuses on the analysis of legal norms and rules in order to identify the gap between what should be a law (*das sollen*) and what is actually (*das sein*) in society, (Pratama, 2024). This research focuses on the analysis of legal norms to generate new arguments, theories, or concepts as prescriptions for addressing issues, which can be described as more in-depth research. This study employs a statutory approach, analytical and conceptual approach, which are then evaluated through legal interpretation of arguments based on principles, legal concepts, and theories relevant to the research problem, (Marzuki, 2017). The legal approach involves the interpretation and application of the law as written. It is a normative method that relies on primary legal sources such as laws and regulations (Walukow, 2019). This approach is central to juridical methodology, which examines how legal texts should be handled and interpreted in the context of broader legal practice (Frändberg, 2018). Legal interpretation is a key component, which involves determining legislative intent and applying legal principles to specific cases (Zeifert & Tobor, 2022).

III. RESULT AND DISCUSSION

3.1 Digital Nomads from the Perspective of Indonesian Law

Digital nomad is derived from two words: digital, which refers to a job performed by an individual online, and nomad, meaning a person who lives a migratory lifestyle, moving from one place to another. A digital nomad refers to someone who works independently using technology, free from the constraints of time and place. A digital nomad can work anytime and anywhere they choose. Additionally, digital nomads can also be described as remote workers who require internet access, allowing them to operate without being tied to a specific physical location, thus being location independent, (Thompson, 2018).

Digital nomads represent a new cultural phenomenon in modern global society that facilitates human mobility through frequent relocations. Upon observation, the factors that make this lifestyle relevant and appealing to people are a combination and innovation of several structural trends, such as globalization, innovative technology, and changes in work and social life regulations. Although this cultural development can pose challenges for many individuals worldwide, as it makes work more flexible, risky, and often results in income that may not meet expectations, digital nomads can create alternative lifestyles without disrupting existing social structures. The form of work for digital nomads does not always imply constant travel but rather a choice to continue traveling for personal enjoyment, (Nash et al., 2018) Several indicators determine whether a country or region is suitable as a nomadic tourism destination, including:

- a. Access and speed of internet connectivity
- b. Rental costs for apartments or accommodations
- c. Language barriers
- d. Openness towards digital nomad practitioners
- e. Costs and access to work visas
- f. Duration of remote work visas.

In the context of tourism, nomadic tourism is being promoted as a product development strategy in many tourist destinations, including Indonesia, (Prabawa & Pertiwi, 2020). A digital nomad who works without time and location constraints has made this lifestyle one of the reasons for tourists visiting Indonesia. There are several common categories of digital nomads, including:

1. A professional who works independently, such as a consultant, accountant, or other advisors.
2. An entrepreneur who manages their work online.
3. A seller of digital media products, such as websites, e-books, or other guides.
4. A freelancer working as a web programmer, writer, or social media manager who handles clients' assets online.
5. Individuals who create content on digital platforms like YouTube, Instagram, or TikTok, earning income from viewership or sponsorships.

In Indonesia, there are currently no specific regulations governing the presence of digital nomads. Presidential Regulation No. 21 of 2016 regarding Visa Exemption limits a person's stay in Indonesia to 30 days without specifying the permitted activities. Presidential Regulation No. 20 of 2018 governs Indonesian companies that employ foreign workers. In this context, employment means signing agreements with a specific duration. A foreign digital nomad entering Indonesia on a visa exemption is not allowed to work for consumers or clients in Indonesia, as the visa exemption is solely for tourism purposes, according to Presidential Regulation No. 21 of 2016. However, if no income is earned from any party in Indonesia as a result of their work, it can be considered that no regulations have been violated.

Based on this understanding, an individual can be regarded as a digital nomad if associated with categories such as employment relationships, freelance work, and the use of technology involving legal actions. Aspects of citizenship and applicable positive law in a particular country also need to be considered in the context of digital nomads. Regulations related to employment, labor relations, and work benefits are governed by Law No. 13 of 2003 on Manpower. Related to labor, Article 1, paragraph 2 of Law No. 13 of 2003 defines a worker as an individual capable of performing work to produce goods and/or services, either for

personal needs or for the community. This definition encompasses legal subjects, work capacity, production results, and the purpose of fulfilling needs. Therefore, in this context, a worker is a digital nomad within their workplace and falls into the category of laborers working in Indonesia. Thus, based on the principle of nationality and *ius soli*, the applicable positive law governing labor in Indonesia is Indonesian positive law, from the 1945 Constitution of the Republic of Indonesia to specifically Law No. 13 of 2003 on Manpower.

In addition to analyzing the laws based on Law No. 13 of 2003 on Manpower, Law No. 28 of 2007 on Taxation, and Law No. 6 of 2023 regarding the Establishment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation becoming Law, it is explained that taxpayers can be individuals or entities, including taxpayers, tax deductors, and tax collectors who have tax rights and obligations in accordance with applicable tax regulations. Therefore, an individual can be subject to income tax (PPH) if they meet subjective and objective criteria. The subjective criterion determines whether an individual or entity is considered a taxpayer according to the provisions of the law. The objective criterion is when the taxpayer receives or earns income that is subject to tax under the law. To determine if a digital nomad meets the subjective and objective criteria, a description related to its definition must be provided.

Based on Law No. 27 of 2022 on Personal Data Protection, every individual has the right to have full control over their personal information. Organizations are required to protect and maintain the confidentiality of the personal data they possess. Misuse of personal data may be subject to sanctions in accordance with the provisions of the law. Taxpayers can be classified as domestic or foreign taxpayers. Domestic taxpayers are:

1. Individuals who reside in Indonesia or are in Indonesia for more than 183 days within 12 months, or who plan to stay in Indonesia for one tax year;
2. Entities established or based in Indonesia; and
3. Undivided inheritance as the rightful substitute.

As long as a digital nomad meets one of the above conditions, they can be considered a domestic taxpayer in accordance with Law No. 6 of 2023. Foreign taxpayers are defined as:

1. Individuals who do not have a residence in Indonesia or who are in Indonesia for less than 183 days within 12 months, and legal entities that are not established or do not have their headquarters in Indonesia and conduct business or activities through a permanent establishment in Indonesia.
2. Individuals who do not have a residence in Indonesia or who are in Indonesia for less than 183 days within 12 months and legal entities that are not established or do not have their headquarters in Indonesia and receive or earn income from Indonesia not from business or activities through a permanent establishment in Indonesia.

In the case of taxation on income crossing national borders or international tax aspects, the provisions of the Double Tax Avoidance Agreement (DTA) should also be considered as a *lex specialis* regulation under Law No. 6 of 2023 regarding the Establishment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation. Therefore, based on the Double Tax Avoidance Agreement (DTA), an individual can be considered a domestic taxpayer if they reside in the relevant country, taking into account:

1. Having a permanent residence;
2. Having a place for daily activities, including personal and economic matters; and
3. Having a place to express habits or hobbies.

By complying with the Double Tax Avoidance Agreement (DTA), a digital nomad can be considered a taxpayer in Indonesia if they reside or conduct their life in this country. Before Law No. 6 of 2023 on the Establishment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation came into effect, the principle of World Wide Income taxation applied to income received by foreign nationals in the country, meaning all income, whether derived from domestic or foreign sources, would be taxed. Therefore, income earned by digital nomads will be taxed as foreign nationals in Indonesia, regardless of whether it comes from domestic or foreign sources, and whether in Indonesian rupiah or other currencies, as long as the income is obtained after meeting the criteria for being a taxpayer.

With the enactment of Law No. 6 of 2023, the principle of territorial taxation applies to income received by domestic taxpayers who are foreign nationals, provided that the foreign nationals possess certain skills and this principle applies for four (4) years. The territorial principle means that taxation is only applied to income earned from Indonesia. However, this provision will be void if the individual utilizes the Double Tax Avoidance Agreement (DTA).

In addition, Law No. 19 of 2016 on Electronic Information and Transactions regulates the use of technology in electronic transactions, the protection of personal data, and the governance of information and communication technology. Article 1, point 1 of Law No. 19 of 2016 defines Electronic Information as one or a group of electronic data such as writings, sounds, images, maps, designs, photos, EDI, electronic letters, telegrams, telexes, telecopies, letters, signs, numbers, access codes, symbols, or perforations that have been processed and can be understood by individuals who comprehend them. Electronic transactions, as explained in Article 1, point 2 of Law No. 19 of 2016, refer to legal acts conducted using computers, computer networks, or other electronic media.

In the context of digital nomads, activities involving electronic information and legal acts using computer devices such as laptops are considered electronic transactions according to the provisions of Law No. 19 of 2016. Foreign nationals engaging in application-based online activities with electronic information systems must comply with Government Regulation No. 71 of 2019 on the Implementation of Electronic Systems and Transactions. This is because it falls under the organization of electronic systems in the private sector, where the operation of electronic systems by individuals, companies, and society must meet minimum requirements as stipulated in Articles 4, 5, and 6 regarding registration obligations as explained in paragraph (3). The registration of the electronic system organizer referred to in paragraph (1) must be submitted to the Minister through integrated electronic licensing services in accordance with regulatory provisions. With the above considerations, digital nomads, as a profession that is increasingly prevalent in society alongside the development of information technology, must be subject to tax regulations applicable to all parties without discrimination. This is because the business processes involved are not limited by location, leading to the potential for income earned by digital nomad practitioners to be exempt from the tax obligations that apply in Indonesia.

2. Legal Impacts and Their Influence on the Cultural Tourism Concept of Bali

The presence of digital nomads in Bali presents various legal challenges that the government must consider, particularly concerning immigration, visas, and taxation. Some of the legal impacts that need to be analyzed are:

a. Immigration and Visa

Most digital nomads use tourist or social-cultural visas to stay and work in Bali. This creates a legal loophole, as tourist visas do not permit them to work, even though they are physically in Bali. As of now, Indonesia lacks specific regulations that formally govern long-term work visas for digital nomads. This ambiguity in the regulations could lead to legal issues for both digital nomads and the government.

b. Taxation

Digital nomads work for foreign companies and earn income from abroad, but they are not registered as taxpayers in Indonesia. This poses a potential loss of state revenue from the tax sector. However, the implementation of taxes on digital nomads is also a complex issue because their status does not fit neatly into the categories of local workers or conventional foreign workers.

c. Environmental and Development Regulations

The surge in the number of digital nomads in Bali also affects the demand for more modern infrastructure. However, the acceleration of development to meet the needs of this digital nomad community could violate existing environmental and spatial planning regulations, especially in ecologically sensitive areas or those with high cultural value. The government needs to strengthen spatial planning and environmental sustainability regulations to ensure that this development does not threaten Bali's sustainability.

a) Influence of Digital Nomads on Balinese Cultural Tourism

The presence of digital nomads in Bali has a significant impact, not only in terms of the economy and lifestyle but also in the preservation of cultural tourism based on local traditions and wisdom. Balinese cultural tourism has always been a major attraction for visitors, grounded in the harmony between humans, nature, and spirituality, manifested through various traditions, religious ceremonies, arts, architecture, and social systems. However, the surge of the digital nomad community presents new challenges that could threaten the sustainability of this local wisdom. Here are some detailed aspects of how the presence of digital nomads affects the preservation of Balinese cultural tourism:

b) Social Transformation and Cultural Commercialization

The presence of digital nomads has spurred the commercialization of traditional Balinese culture. Many Balinese traditions and cultural practices should be valued for their spiritual and social significance. However, these traditions are often packaged as performances or tourist experiences aimed at international consumption. For example, religious rituals or customary ceremonies that were once integral to Balinese life are now frequently simplified or showcased as tourist attractions.

This trend can diminish the original meaning of these traditions. Over the long term, such actions may lead to a loss of cultural authenticity, where spiritual values and customs are replaced with more appealing and easily digestible interpretations for visitors, including digital nomads. The rich and meaningful Balinese culture faces threats from commercial influences, resulting in a loss of its intrinsic values in pursuit of quick economic gains.

c) Changes in Tourist Demographics

Digital nomads often reside in areas like Canggu, Ubud, and Seminyak, which were once centers of Balinese spirituality and art. With the rising demand from digital nomads, these regions are experiencing gentrification. Traditional Balinese properties, such as ancestral homes and agricultural land, have been transformed into modern villas, cafes, and coworking spaces to cater to the lifestyle of digital nomads. This transformation has resulted in the loss of traditional character in these areas, distancing local communities from their living environments that have been established for generations. Furthermore, these changes encourage locals to shift towards more commercial economic sectors, such as renting out properties or starting businesses that focus on the needs of modern digital nomads, rather than on efforts to preserve culture. Gradually, everyday cultural practices associated with Balinese cultural tourism, such as subak (traditional irrigation) and handicrafts, face the threat of extinction as communities move toward modern business ventures.

d) Changes in the Focus of Cultural Tourism

The presence of digital nomads is shifting the primary focus of Bali's tourism. Once renowned as a destination for spirituality and culture, Bali is increasingly recognized as a hub for remote work or digital nomad living. This change impacts the development of tourist destinations, with more modern and international facilities being built to support the digital nomad lifestyle, while cultural attractions and spiritual experiences receive less emphasis. This shift in focus leads tourism managers to prioritize modern amenities such as coworking spaces, high-speed internet connections, and cafes that cater to flexible work lifestyles over authentic cultural experiences. As a result, support for the preservation of local arts and traditions diminishes, as consumers opt for comfort and convenient access to technology over cultural engagement.

e) Cultural Conflicts and Social Values

Digital nomads come from diverse countries with varying cultural backgrounds. Many may lack an understanding or appreciation for Bali's traditions and local wisdom. This can lead to cultural conflicts between the local community and digital nomads, especially when there is

a clash between cosmopolitan lifestyles and the Balinese values that emphasize harmony with nature and spirituality.

For example, sacred traditional ceremonies may be perceived as trivial by some digital nomads who do not recognize their significance to the Balinese community. The free and individualistic lifestyle of digital nomads can clash with the collective values and sense of community prevalent among the Balinese people. This can result in misunderstandings or social friction between newcomers and the local population, potentially undermining the preservation of Bali's cultural values.

f) Pressure on the Environment and Nature Conservation

Cultural tourism in Bali is deeply connected to the spiritual relationship the Balinese have with nature. Rituals and traditional ceremonies are performed to maintain ecological balance and honor the guardian deities of the environment. The large influx of digital nomads, particularly in ecologically sensitive areas, places significant pressure on Bali's natural resources. The increase in development to meet the needs of digital nomads has led to traditional agricultural land being transformed into villas and modern infrastructure. The subak irrigation system is recognized as a UNESCO World Cultural Heritage. However, this system is threatened by the accompanying urbanization and gentrification. Land use changes and development that disregard environmental sustainability could disrupt ecosystems that have been maintained for centuries through traditional Balinese practices.

g) Positive Opportunities for Cultural Development

On the positive side, the presence of digital nomads can also offer opportunities if managed wisely. With the rise of global connectivity and cultural interaction, digital nomads can serve as channels to introduce Balinese culture to a broader international community. If the government and local communities can design authentic, immersive, and educational cultural tourism programs, digital nomads could act as cultural ambassadors, helping to present Bali to the world. For instance, organizing art workshops, traditional cooking classes, or visits to cultural ceremonies could provide opportunities for digital nomads to learn about and appreciate Bali's local wisdom. With this approach, Balinese culture can be promoted more widely while still preserving its essential values without excessive commercialization.

h) Challenges to Cultural Preservation

Bali is renowned as a center of Hindu spirituality and culture, with traditions and ceremonies still preserved by its community. However, the increasing presence of digital nomads poses challenges to maintaining Bali's cultural identity. The globalization brought by digital nomads can lead to the erosion of local wisdom or create cultural gaps between locals and newcomers. Nonetheless, the phenomenon of digital nomads also presents opportunities for local entrepreneurs to integrate Balinese culture into their products or services. For example, they can offer more authentic cultural tourism experiences to nomads. However, this must be approached carefully to ensure that cultural values are not reduced to mere commodities.

IV. CONCLUSION

The presence of digital nomads in Bali has a significant impact on the preservation of cultural tourism centered around local traditions and wisdom. While this phenomenon brings positive economic effects, such as increased local consumption and investment, the negative impacts on culture and the environment must also be addressed. Cultural commercialization, social landscape changes, value conflicts, and environmental pressures are major challenges for Bali in maintaining its cultural identity. With proper management, the presence of digital nomads can also present an opportunity to promote Balinese culture globally. The Balinese government needs to implement regulations that protect traditional values and local wisdom while remaining open to the innovations brought by digital nomads. With the right balance, Bali can preserve its rich and unique cultural heritage amidst the tides of globalization.

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