



PRIZE PROMOTIONS AROUND THE WORLD

United Arab Emirates - Dubai



Downloaded: 25 Sep 2021

PRIZE PROMOTIONS AROUND THE WORLD

ABOUT

Welcome to the fourth edition of DLA Piper's popular Guide to Prize Promotions Around the World. Prize promotions remain a popular marketing tool used globally by businesses to attract customers. The internet and various social media platforms make this an attractive, cost efficient means of reaching a large, multi-jurisdictional customer base; but it is not without its legal challenges.

This handbook is designed to equip our clients with a useful tool to assist them with the management of the early development stages of a promotion, and to bring potentially problematic issues to their attention as soon as possible.

NEW FEATURES AND TRENDS

In response to client demand, this fourth edition of the Guide has been expanded to cover 39 jurisdictions which count among the most significant for our clients, with the addition of Denmark, Hungary, Nigeria and Turkey.

As our interactive map shows, the extent of regulation and sanctions in this area is on the rise, with the most noticeable change being brought about by the introduction of GDPR across the EU. GDPR extends obligations around handling promotion entrants' personal data (eg for winner publicity, use of promotions to generate marketing leads and use of UGC entries containing personal data), and introduces the possibility of huge fines for breaches of those obligations.

ABOUT OUR GLOBAL ADVERTISING AND MARKETING TEAM

The DLA Piper global advertising and marketing team is well-versed in handling complex, frequently multi-jurisdictional compliance projects. This includes advising on compliance aspects of international prize promotions, which we are often asked to clear across large numbers of jurisdictions, while working to short deadlines.

More broadly, our global advertising and marketing team is able to support the full range of advertising-related work, from copy clearance to dealing with advertising regulators and litigation, to negotiating advertising and sponsorship deals, to e-privacy issues and ad-tech. Our advertising and marketing lawyers offer deep understanding of the advertising and media industries, and combine this with a sophisticated approach to cross-border working.

DISCLAIMER

This Guide is not a substitute for legal advice. Nor is it intended to be an exhaustive guide to all rules and regulations relating to promotions in the jurisdictions covered, or to cover all aspects of the legal regimes surveyed, such as specific sectoral requirements. Rather, it aims to simplify what are often complex provisions into a more manageable summary and to highlight areas of potential concern to promoters. It is current as at the last modified date stated in each section.

PRIZE PROMOTIONS AROUND THE WORLD

UNITED ARAB EMIRATES - DUBAI



Last modified 31 January 2019

GOVERNING LAW

What are the main applicable governing laws or codes for prize promotions?

Name	Law or Code?
Commercial Permit Guidebook of the Dubai Department of Economic Development (the 'Dubai Commercial Permit Guidebook')	Guidebook
Federal Law (3) of 1987 (the 'Penal Code')	Code
Federal Law (5) of 1985 (the 'Civil Code')	Code
Federal Law (24) of 2006 (the 'Consumer Protection Law')	Code
Federal Law (19) of 2016 (the 'Anti-Commercial Fraud Law')	Code

Note: There is broad scope for the exercise of discretion by the relevant authorities and the rules themselves may change at short notice. The information included in this handbook in relation to the UAE - Dubai reflects the content of the rules and regulations available to the public and our conversations with the relevant officials.

EXTRA-TERRITORIALITY

Do national regulators enforce rules against entities operating abroad?

The Dubai Commercial Guidebook rules on promotions which applies to a promotion that targets customers located in Dubai and is operated from a non-UAE website by an entity operating abroad.

PRIZE PROMOTIONS AROUND THE WORLD

We understand that it is sufficient that the promotion targets and addresses customers in Dubai for the rules to apply. However, we are not aware of instances where the authorities have actually enforced those rules against entities operating abroad.

SKILLS COMPETITIONS

Can a prize promotion be run that is based on skill?

Yes, provided that:

- A permit is obtained for the campaign (instant prize fees paid as skills competition prizes are considered instant prizes);
- Participants do not pay to enter, and
- Criteria for awarding prizes are clearly defined.

The skill element requires that the prize promotion is not based on a game of chance and the participants are not gambling or otherwise participating in a bet.

PRIZE DRAWS

Can a prize promotion be run where there is an element of chance in the selection of the winner?

Only prize draws are permitted, provided:

- Participants do not pay to enter (but participation may be linked to paying for the promoted product or service); and
- A permit is obtained from the Department of Economic Development (DED) for conducting the promotional campaign and its relevant draw.

SELECTION OF WINNERS

Are there any requirements for the selection of winners and award of prizes?

The draw itself must be conducted in the presence of a representative of the DED, even when taking place outside of Dubai or the United Arab Emirates.

This requirement is compulsory and any draw that fails to meet this condition may be cancelled by the DED.

Prize winners should receive their prize within 60 days from the final day of the promotional campaign or draw date. Any unclaimed prizes at the end of this period should be returned to the DED and when the prizes are vouchers, travel tickets or coupons the same should be returned in the form of cheques.

JUDGES

Are there any particular requirements in relation to judges or judging for skills competitions?

PRIZE PROMOTIONS AROUND THE WORLD

There are no set qualifications in relation to judges for skill competitions. However, the attendance of a DED representative is compulsory at the time of selecting winners.

PRIZES

Are there any restrictions on the prizes awarded?

Prizes must be awarded as described in the marketing communication.

Consumers are protected under the Consumer Protection Law and so all prizes must be fit for purpose and confirm with their advertised specification.

Prizes can include benefits, incentives or vouchers but cannot be an amount of money. Generally a request can be made on a case by case basis to the DED to confirm whether a prize is acceptable.

Alcohol, pork products or any other product or service that is against Islamic Shari'a law cannot be awarded as a prize.

Campaign organizers can allocate consolation prizes of a value not exceeding AED 100 (approx. US\$27), provided there are no more than 100 awards in a single campaign, and 50 awards for each draw in case of multiple draws.

REGISTRATION REQUIREMENTS AND FEES

Are there any registration requirements, or any fees/taxes payable?

Registration Requirements

A permit must be obtained from the DED for all types of prize promotion campaigns.

Fees / Taxes Payable

Fees vary according to campaign details (prize value, number of sites etc.) and to whether it is related to draws or to instant prizes. A list of fees is provided by the DED for certain standard campaigns. For other types of campaigns, the DED will decide on the fees payable after reviewing the details of the specific campaign.

Please find the list of fees for certain standard campaigns in the Guidebook (pp.19 and 20) [here](#).

Any tax implications in relation to prize promotions should be confirmed directly with specialist tax advisors.

OTHER LOCAL REQUIREMENTS

Are there any other key local requirements?

The applicant must have a valid commercial license in the Emirate of Dubai and have been carrying out its activities in Dubai under the license for more than one month.

It is not permitted to promote tobacco and cigarettes, drugs, alcohol, pork or spoiled or expired food.

PRIZE PROMOTIONS AROUND THE WORLD

The terms and conditions of the draw/competition must be in the Arabic language. The terms and conditions should include as much detail as possible, relevant dates and other requirements (for example, the requirement to produce a passport or other documentation in order to receive a prize).

The term of the campaign should not exceed two months. In some exceptional cases promotional campaigns may run for a maximum period of one calendar year where the fees are calculated by the type of campaign, with the condition of having one draw every two months in the case of campaigns involving draws.

The requirements to obtain a permit for promotional campaigns vary between Emirates. This note deals with the Emirate of Dubai only.

Particular rules may apply when the draw falls during one of the Dubai shopping festivals.

TIMING

Is time required to ensure compliance (other than reviewing the terms and conditions)?

No, although the DED requires that the term of the promotion does not exceed two months (in other words, longer promotions will require more than one permit). A permit may take two to three weeks to obtain.

TRANSLATIONS

Are the terms required to be translated by law?

The terms and conditions of the draw/competition must be translated to the Arabic language, as per the DED requirement.

PENALTIES FOR NON-COMPLIANCE

What are the penalties for non-compliance?

There are a variety of fines which may be awarded by the DED for non-compliance, such as a fine for not having the DED representative present at the draw (AED10,000) (approx. US\$2,700), a fine for using or exploiting a Dubai Shopping Festival without permission (AED20,000) (approx. US\$5,400) and a fine for submitting false information to the DED (AED20,000) (approx. US\$5,400). Further, the campaign can be cancelled by the DED.

Gambling is forbidden under the Penal Code and the Civil Code. People who operate gambling establishments and participants can be fined and receive custodial sentences of up to ten years. As such it is important to consider the elements of each campaign to ensure it does not fall foul of this legislation.

Announcing fictitious prizes or discounts and promoting adulterated, corrupt or counterfeit products amount to commercial fraud under the Anti-Commercial Fraud Law. Businesses that commit commercial fraud risk a penalty of up to two years of prison and up to AED1,000,000 (approx. US\$272,000) in fines depending on the type of goods to which the violations relate.

Other penalties may apply such as closure of premises and withdrawal of licences and the penalties

PRIZE PROMOTIONS AROUND THE WORLD

may be doubled in case of repeat violations.

RESTRICTIVENESS OF REGULATIONS

How restrictive are the legal obligations applicable to prize promotions?

The laws and regulations relating to prize promotions in the UAE - Dubai are relatively limited when compared with other heavily regulated jurisdictions.

However, the requirements are onerous as a permit is required to run promotions, and a representative of the DED should be present in case of a prize draw, even when the draw is taking place outside of Dubai. Travel and accommodation of the DED representative should be included in the budget.

This said, most prize promotion mechanics are allowed as long as they are not considered as gambling or betting. The steps required to avoid falling into these categories are not very restrictive.

REGULARITY OF SANCTIONS

How frequently does the regulator impose serious sanctions for non-compliance?

In the UAE there is generally no access to relevant cases to give details of which sanctions have been imposed. Only a small number of cases are made available to the public, and none of these are relevant to trade promotions.

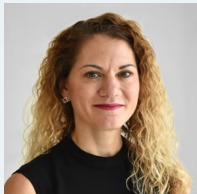
KEY CONTACTS



Paul Allen
Partner
DLA Piper Middle East LLP
paul.allen@dlapiper.com
T: +971 4 438 6295



Lamiaa Kheir Bek
Legal Consultant
DLA Piper Middle East LLP
lamiaa.kheirbek@dlapiper.com
T: +971 4 438 6288



Emily Southon
Legal Director
DLA Piper Middle East LLP
emily.southon@dlapiper.com
T: +971 4 438 6223



Elizabeth Sharkey
Legal Consultant
DLA Piper Middle East LLP
elizabeth.sharkey@dlapiper.com
T: +971 4 438 6292

Disclaimer

DLA Piper is a global law firm operating through various separate and distinct legal entities. Further details of these entities can be found at www.dlapiper.com.

This publication is intended as a general overview and discussion of the subjects dealt with, and does not create a lawyer-client relationship. It is not intended to be, and should not be used as, a substitute for taking legal advice in any specific situation. DLA Piper will accept no responsibility for any actions taken or not taken on the basis of this publication.

This may qualify as 'Lawyer Advertising' requiring notice in some jurisdictions. Prior results do not guarantee a similar outcome.

Copyright © 2017 DLA Piper. All rights reserved.