

Competitions, Promotions, Prize Draws, Sweepstakes, Raffles, and Instant Prizes: Sales Promotions in the UAE

Nick O'Connell - Partner, Head of Digital & Data - Saudi Arabia - Digital & Data
n.oconnell@tamimi.com - Riyadh

Sana Saleem - Associate - Digital & Data
- Dubai International Financial Centre

March 2016

In Dubai and Abu Dhabi, the respective Department of Economic Development (“DED”) requires entities planning sales promotions to first obtain a permit. If a promotion were to specifically target any of the other emirates, then it would be appropriate to considering seeking permits in such emirates.

The process for obtaining a sales promotion permit from the DED is straight-forward, and can usually be completed within a week or so. Information on the proposed promotion, such as its general nature, the nature, quantity and value of any prizes, and the period over which the promotion will be run, need to be submitted to the DED along with a copy of the organiser’s trade licence and premises lease, an application form for the permit, and the official fee.

Official fees are relatively modest and can vary depending on aspects such as the duration of the promotion, the value of any prizes and the extent of any advertising.

Prizes that are products such as tobacco, alcoholic beverages or pharmaceuticals, are not permitted. Cash prizes are generally not permitted, although they may be permissible in circumstances where cash is a key aspect of the organiser’s core business, such as a money exchange. There are no prescribed requirements with regard to any ‘skill’ element. Raffle-type prize draws, where participants simply purchase tickets, are generally not permitted. For competitions involving prize draws, it is necessary to have an official from the DED in attendance at the prize draw to act as an official witness.

Running a sales promotion without a permit can attract a penalty. The penalty can vary depending on whether the sales promotion is one for which a permit, if sought, would have been issued. If an unauthorised sales promotion were to come to the attention of the DED, then the types of penalties that could be expected would (at the time this article went to print) range from around AED 2,000 (about USD 540) to AED 25,000 (about USD 6,800) for a first offence, and higher in subsequent instances. Generally, if the subject matter of the competition is not something that the DED would have approved, then higher penalties are likely to apply.

There is only a limited likelihood of the DED taking issue with an on-line promotion not specifically targeting participants in the UAE. If the DED did become concerned by the absence of a permit for such a promotion, then the most likely outcome would be for it to liaise with the local telecommunications regulator to have access to the offending site blocked.

Additionally, it is worth noting that there are two ‘formal’ sale seasons in Dubai. The Dubai Shopping Festival is an annual retail event and generally spans the month of January. Although not mandatory to offer sales promotions during the Dubai Shopping Festival, many retail stores choose to do so during this time. Sales promotions conducted during the Dubai Shopping Festival are regulated by the Department of

Tourism and Commerce Marketing, which issues permits for sales promotions conducted during the Dubai Shopping Festival. The Dubai Summer Surprises is a separate retail event, similar to the Dubai Shopping Festival, but conducted for a period of around 30 days sometime between June and September. Again, it is not mandatory to offer sales promotions during Dubai Summer Surprises, although it is common to do so. Permits for sales promotions conducted during the Dubai Summer Surprises are also issued by Department of Tourism and Commerce Marketing. The specific rules and regulations in respect of each specific sales season are issued prior to the relevant retail event. These generally track the DED's rules in respect of sales promotions.

If a sales promotion is going to be limited to a specific free zone, then consideration should also be given to whether any free zone-specific rules apply. The DEDs do not generally have authority to control activities in the many free zones located in the UAE.

Any businesses planning to run a sales promotion in the UAE, in the nature of those outlined above, should consider the regulatory regime relating to such promotions and seek to obtain the requisite permit. The nature of this jurisdiction is such that it is often necessary to liaise directly with the relevant authorities in order to better understand the way in which laws and regulations are likely to be applied in practice.

Al Tamimi & Company's Technology, Media & Telecommunications team regularly advises on advertising and marketing related legal issues, including considerations relating to promotions, including sweepstakes and on-line promotions. For further information, please contact Nick O'Connell – n.oconnell@tamimi.com or Sana Saleem – s.saleem@tamimi.com Competitions, Promotions