

**Sweepstakes and  
Promotions in Taiwan:  
FAQ**

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Businesses often offer consumers the opportunity to participate in competitions or promotions to reward consumers while affording the business a chance to directly or indirectly market its products and services. These may be chance-based or skill-based or simply giveaways. Such activities will frequently be regulated, however, to protect consumers, competitors, and the overall marketplace.

**1. What licenses / permits would be required for running contests?**

There is no registration or licensing requirement for a business to operate a sweepstakes or promotion. The Fair Trade Commission (“FTC”) has issued guidelines that regulate most but not all promotions and competitions offered to consumers. The FTC does not define or even use the terms ‘sweepstakes’ or ‘promotions’ – rather adopting the term ‘prize-giving activities’. This is a term broad enough to encompass a range of behavior. And the FTC will look at any conduct that could constitute unfair competition where a business, by means of inducement with profit, causes the trading counterpart of a competitor to trade with itself.

**2. Are chance-based draws permitted and if so are there any restrictions?**

Fair trade law and other applicable legislation do not distinguish chance or probability based contests and promotions from other types. Chance-based draws must be without charge to enter to avoid running afoul of the Criminal Code prohibitions on gambling and unlicensed lotteries though chance-based draws can require the purchase of a product or service.

If the probability that entrants will win is high, the competition will be deemed a gift promotion under the FTC’s guidelines and be subject to limitations on maximum gift value. If the probability that entrants will win is low, the competition will be deemed as a prize-giving activity and be subject to limitations on maximum prize value – both individually and overall annually. These limitations will be discussed further below.

The logo for 'eiger' is located in the bottom right corner of the page. It features the word 'eiger' in a lowercase, sans-serif font. The letters are a warm, golden-brown color. The 'e' and 'i' have a small dot above them, and the 'g' has a small hook. The overall style is clean and modern.

**3. Are there any restrictions on skills-based contests?**

Fair trade law and other applicable legislation do not distinguish between skill and probability based contests and promotions.

**4. Are any restrictions on the types of prizes one can give?**

Restrictions based on value will be discussed below. Alcohol and tobacco fall, for example, under special restrictions regarding their use in promotions and competitions as well as advertising.

The FTC also requires one to fully disclose and provide accurate details of prizes in competitions.

**5. Are any restrictions on the value of the prizes given?**

The FTC Guidelines do not apply to all competitions and promotions but that there is always the possibility that in the event of a complaint or dispute that the Fair Trade Commission may determine that its Guidelines should apply.

The FTC limits total annual prizes given away by a business in prize-giving activities such as raffles. The limits are based on annual sales in Taiwan during the previous accounting year:

Annual Sales (1USD≈TWD30)	Maximum Total Annual Value of Prizes
≥ TWD2 billion	TWD400 million
> TWD500 million to NT\$2 billion	20 percent of sales
≤ TWD500 million	TWD100 million

A business also cannot give away a prize valued at more than 120 times Taiwan's minimum monthly salary. The minimum monthly salary is set by the cabinet-level Council for Labor Affairs and is currently TWD17,880 (about USD600). The maximum value for a single prize would be approximately USD72,000.

The FTC limits the value of gifts. When a business promotes a product or service by giving consumers a gift, the maximum value of the gift is fifty percent of the value of the product or service if the product or product is valued greater than or equal to TWD100. If the product or service is valued at less than TWD100, the maximum value of the gift is TWD50. Value of the product or service should be determined by "reasonable market price that the consumer would face at the time of the promotional activity". Value of the gifts should be determined by using the same standards for prizes.

**6. Are there any minimum age entrance requirements and any restrictions on contests dependent upon age?**

The age of majority in Taiwan is twenty. Minors under the age of seven have no capacity to enter into a legal relationship. In the case of a minor acquiring a benefit, however, it would be possible for a promotion to still be enforced against the party offering the benefit.

**7. Are there any specific publication requirements, such as publication of the contest terms and conditions in certain media or if it must be in Chinese, publication of the names of the contest winners?**

No formal "publication of winners" procedure exists but a "full disclosure" obligation should require that there be public disclosure of winners. The nature/form of the notice would need to be identified in the terms and conditions. There must be full disclosure of the entrance rules including the number or scope of entrants, duration, quantities, criteria for and methods of selection of winners, income taxes, without taxes, and other tax obligations, as well as the means and date of any prize drawings. Any

attached conditions, burdens, or other restrictions should also be clearly indicated.

The obligation of full disclosure serves to ensure that participants in a promotion or competition have a complete and clear picture of the terms and conditions of the event itself. We cannot see this obligation being satisfied locally by providing the terms and conditions in English only for promotions operated out of Taiwan. Traditional Chinese is the official working language of both government and business.

**8. Are there any redraw requirements in the event that a prize remains unclaimed for a set period of time?**

No. This would be subject to the operator's decision, and, if applicable, should be provided in the terms and conditions for the competition.

**9. Are there any other significant requirements relating to the running of such contests?**

No "skill test" requirements exist for gift and prize promotions. The applicable law does not require notary oversight to ensure competition fairness. It would be important, however, to verify and supervise the fairness of a competition as a business will need to be able to prove the fairness of the competition if any complaints are raised.

If the contest is to be run out of a foreign jurisdiction then there would be no obligation on the part of the operator to withhold taxes on the value of the prize should a Taiwanese citizen or resident wins. If the contest runs out of Taiwan then there would be an obligation on the part of the operator to withhold taxes on the value of the prizes.

The collection and use of entrants' personal data must comply with Taiwan's Personal Data Protection Act as well as applicable provisions of Taiwan's Civil Code and Criminal Code.

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**10. What other risks should one be aware of when operating sweepstakes or contests in Taiwan?**

Gambling constitutes a criminal offence under Taiwan's Criminal Code. Certain types of sweepstakes accepted in overseas jurisdictions, such as those requiring entry by premium SMS, should run afoul of Taiwan's Criminal Code.

Taiwan's Criminal Code also prohibits the operation of unlicensed lotteries. A lottery may be defined as a contest run for profit/gain in which a chance is sold/offered to win cash or prizes in a random drawing.

Businesses should also be aware that when giving away prizes or gifts that the brand owners of those products will likely challenge any use of language, images, or marks in the promotion that imply a non-existent endorsement or relationship.

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