

# Vaping Products Duty consultation

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March 2024



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# Chapter 1

## About this consultation

### Subject of this consultation

1.1 This consultation will look to gather your views on our proposals for a new UK wide duty on vaping products.

1.2 HM Treasury and HM Revenue and Customs (HMRC) value the input of stakeholders and interested parties. We will consider your response to help shape our policy development and ensure a vaping duty achieves its objectives.

1.3 Chapters 3 and 4 cover the scope and structure of Vaping Products Duty. Chapters 5 through 8 cover the detailed design of the duty and Chapter 9 requests further evidence on how the vaping industry operates in the UK.

1.4 HMRC will then provide support to businesses to prepare for the implementation of the final policy.

### Scope of this consultation

1.5 The introduction of a new duty on vaping products was announced at Spring Budget 2024. This consultation sets out the proposals for how vaping products duty will be designed and implemented. The government are now asking for your views on the impact of these proposals to help determine the final design of the duty.

### Who should read this?

1.6 Individuals or organisations interested in the policy scope and who feel they may be affected by the duty or have a particular interest in the vaping industry should read and consider responding to the consultation.

### Duration

1.7 12 weeks, starting on 6 March 2024 and ending on 29 May 2024.

### How to respond or enquire about this consultation

1.8 Please email enquiries and responses to:  
vapingproductsduty@hmrc.gov.uk

Written enquiries and responses can be posted to:

Vaping Policy Team, Fourth Floor East, Trinity Bridge House, 2  
Dearmans Place, Salford, M3 5BS

## After the consultation

1.9 Responses will be considered in refining the design of the duty and we will then publish a formal response document.

## Getting to this stage

1.10 The government has considered the views of public health experts that vaping is not risk free and the concerns around future harm and addiction, particularly in respect of young people who have never smoked. It has also considered the approach taken by other countries, and will continue to hold discussions with stakeholders, to help inform the proposals in this document.

## Previous engagement

1.11 In October 2023, the Department of Health & Social Care (DHSC) conducted a consultation on creating a smokefree generation and tackling youth vaping. In January 2024, it published its consultation response and announced a range of restrictions it will introduce on the supply of vaping products. This consultation led by HM Treasury and HMRC builds on the findings and measures announced in January, with proposals for how a vaping duty would further tackle the harms of vaping.

# Chapter 2

## Introduction

### Background

2.1 Electronic cigarettes, e-cigarettes and vapes are all terms used to describe a battery-powered device which allows its user to inhale a nicotine or nicotine-free liquid through a vapour rather than smoke. Vaping products generally describes products including but not limited to e-cigarettes, refill containers, pre-filled pods or cartridges and e-liquids.

2.2 Research shows that in 2023 12% of the UK adult population used e-cigarettes, the highest ever rate<sup>1</sup>. The number of children in Great Britain (those aged 11-17 years old) using vaping products has tripled in the past three years and [20.5% had tried vaping](#) between March to April 2023. According to the [Northern Ireland Young persons behaviour and attitudes survey 2022](#), 21.3% of 11 to 16-year-olds in Northern Ireland reported having ever used an e-cigarette.

2.3 Following the rise in the number of young people vaping and health concerns around this, the Department for Health and Social Care (DHSC) launched a Call for Evidence in April 2023, to identify opportunities to reduce the number of children accessing and using vaping products.

2.4 In October 2023, following the Prime Minister's historic proposals to create a smokefree generation and to crackdown on youth vaping, DHSC launched a consultation with the aim of protecting future generations from the harms of smoking, and outlining proposals to crack down on youth vaping and ensure the law is enforced.

2.5 The [consultation response](#) was published on 29 January.

2.6 The government announced a range of measures to tackle youth vaping including new powers to restrict flavours and packaging, and a ban on the sale and supply of disposable vapes. While these measures will help support the government's ambition to tackle the harms of vaping for young people and non-smokers, issues remain around the affordability and accessibility of vaping products and regulation of the market. For example, there is a reasonable proportion of young people who use refillable vapes and it's expected that some non-smokers and young people will switch to refillable alternatives, rather than quit vaping, once the ban is in place. This means there is still more to be

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<sup>1</sup> 'Understanding the vaping market', HM Revenue and Customs Research Report, October 2023, Ipsos Mori



done to ensure those who do not smoke are not at risk from nicotine addiction and the potential long-term harms of vaping. Increasing the price should help deter young people and non-smokers from vaping.

**2.7** To build on the measures announced in response to DHSC's consultation including the affordability of vaping products, the government will introduce a vaping duty. The duty is designed to make vaping less accessible to young people and non-smokers, while also raising revenue for funding vital public services like the NHS and smoking initiatives supporting a smokefree generation. Recognising that vaping has a role in helping smokers give up tobacco, the government will also introduce a one-off increase in tobacco duty to ensure the duty on vaping does not make smoking more attractive. This preserves the financial incentive to switch for existing smokers.

**2.8** Respondents to DHSC's consultation were mostly in favour of the government's proposed measures to tackle youth vaping. Detailed responses on areas relevant to this consultation have been outlined below.

## Disposable vapes

**2.9** The response showed widespread support for prohibiting the sale and supply of disposable vapes. Some of the main concerns cited were the appeal of disposable vapes to children and environmental harms including the need to reduce plastic and battery waste.

**2.10** The UK Government, the Scottish Government and the Welsh Government intend to introduce legislation to implement a ban on the sale and supply of disposable vapes. This includes both nicotine and non-nicotine containing products since the environmental concerns exist for both types of products. The Department of Agriculture, Environment and Rural Affairs is considering next steps for Northern Ireland. The UK Government will work with the devolved administrations to explore an import ban.

**2.11** Adults will still have access to non-disposable vapes to help them give up cigarettes, but banning disposables will impact affordability and access for children.

**2.12** The decision to prohibit the sale and supply of disposable vapes followed the consultation response which showed 79.6% of respondents agreed that there should be restrictions on the sale and supply of disposable vapes. In addition to this, 69.0% of respondents agreed with prohibiting the sale and supply of disposables.

## Affordability of vaping products

**2.13** There is currently a significant difference in price between vapes and tobacco products, in part because vapes are only subject to Value Added Tax (VAT), whereas tobacco attracts both VAT and excise duty.

**2.14** The consultation explored whether respondents thought a change in price would reduce youth vaping. 70.2% of 15 to 17-year-olds

and 73.5% of 13 to 14-year-olds responding to this question thought an increase in price would make a difference.

2.15 Increases in the price of tobacco have supported the reduction of the number of young children smoking, so this type of policy is proven to be effective. High prices can deter children from smoking, since young people do not possess a large disposable income.

## Health concerns around vaping

2.16 The Chief Medical Officer (CMO) has been clear that vaping is not risk free and those who do not smoke should not vape<sup>2</sup>. While vaping is an important tool to help the UK Government and devolved administrations achieve their ambitions for England and Wales to be smokefree by 2030 and Scotland to be tobacco free by 2034, there is established concern about the unknown long-term harms of vaping.

2.17 The advice from the CMO also states that we do not know the long-term effects of many vape ingredients and companies deliberately inducing nicotine addiction is not in the interests of those being addicted. Non-smokers should therefore be encouraged not to start vaping, and in particular not to use vaping products containing nicotine, the main aim of which is to addict them.

2.18 The government believes that a vaping duty will complement the measures announced by DHSC, including the ban on the sale and supply of disposable vapes, by further disincentivising young people and non-smokers who use refillable products or who may switch to refillable products in response to the ban. This will protect these groups from the harms of nicotine addiction and the unknown long-term effects of vaping, in line with the advice from the CMO.

2.19 In recognition of the harms from smoking, the CMO is supportive of the increase in tobacco duty to maintain the price differential between vaping products and cigarettes to keep the financial incentive to switch away from smoking.

## International comparisons

2.20 The government has considered the approach taken by other countries in response to the increased popularity of vaping products. Australia, France, Germany and Ireland have all taken steps to restrict the sale of disposable vapes due to their environmental impact and the link between these products and the rise in youth vaping. Around the world, countries have taken action to reduce the visibility and appeal of vapes. For example, Canada has prohibited visible product display and the advertising of vapes in shops. Denmark and Finland have both introduced standardised packaging for vaping products and have prohibited all e-liquids with any characterising flavours (which change the way vaping products smell or taste to a consumer).

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<sup>2</sup> <https://www.gov.uk/government/speeches/chief-medical-officer-for-england-on-vaping>

2.21 Several countries have also targeted the affordability of vapes by introducing measures to make them more expensive. There are nearly 50 countries that have a national tax on vaping products, targeting liquid as the tax base. This includes Norway and Canada, as well as several States in the USA, such as Georgia and Virginia. Eighteen European countries have introduced their own domestic taxes on vaping products. Methods of taxation vary, however all target liquid as the tax base. The majority target both nicotine-free liquids and liquids containing nicotine. Italy and Slovenia have different rates for nicotine and nicotine-free liquids, while Sweden and Denmark have implemented excise taxes with rate bands for lower and higher nicotine strength.

# Chapter 3

## Vaping Products Duty

**3.1** The government will introduce a vaping products duty (hereafter referred to as “the duty”) from 1 October 2026. The main objectives of the duty are:

- To reduce the number of non-smokers and young people that vape by reducing the affordability of vaping products in recognition that vaping is not risk free
- To encourage consumers to choose lower strength or nicotine-free vaping products over higher strength ones due to the harms from nicotine addiction
- To encourage manufacturers of vaping products to reduce the nicotine content of their products
- To raise revenue to fund vital public services such as the NHS and smoking initiatives supporting a smokefree generation
- To ensure that the duty is proportionate to administer for both businesses and HMRC
- To ensure the introduction of the duty does not make smoking more attractive

**3.2** The current price points of vaping products make them affordable and readily accessible. The duty aims to reduce the rates of vaping among young people and non-smokers by making vaping products less affordable and therefore less accessible to these groups. This includes encouraging existing vapers to reduce their consumption of nicotine-containing vapes, switch to lower nicotine or nicotine-free products or quit vaping altogether, as well as discouraging people who have never vaped from taking up vaping.

**3.3** Research carried out by Ipsos for HMRC<sup>3</sup> in July 2023 indicates that the price of vaping products influences levels of consumption. When considering the impact of behaviour, the report says:

“Overall, 62% of current vapers said that they would decrease the amount they vaped if prices were to double and 33% that it would stay the same.”

**3.4** As set out below, the proposed duty structure will place higher tax burdens on vaping products with high nicotine strengths, thereby

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<sup>3</sup> ‘Understanding the vaping market’, HM Revenue and Customs Research Report, October 2023, Ipsos Mori

encouraging those who vape to reduce the amount of nicotine they consume even if they do not reduce the amount they vape. The duty will also raise revenue for funding vital public services like the NHS and smoking initiatives supporting a smokefree generation.

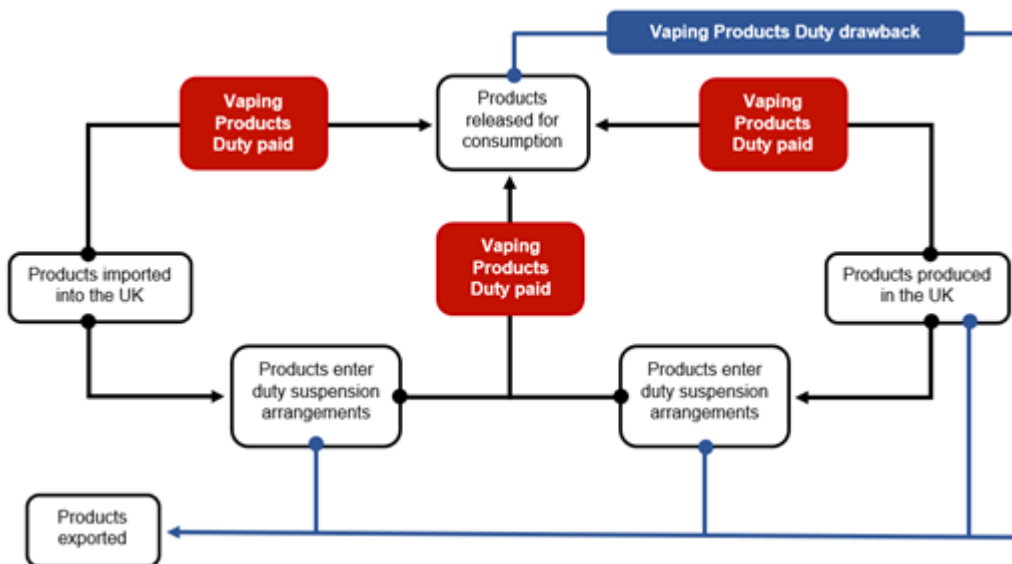
### The structure of the duty

**3.5** Vaping Products Duty will be an excise duty. Excise duties are charged on excise goods, such as alcohol and tobacco, and are generally charged by reference to quantity, rather than value.

**3.6** Bringing vaping products into the excise regime means these products are recognised as higher risk, therefore requiring greater control within the tax system. It subjects them to excise controls on manufacture or importation and close monitoring by HMRC. Vaping Products Duty will give HMRC powers to take robust enforcement action to ensure the correct amount of tax is declared and paid by businesses.

**3.7** The government proposes this is the best way to minimise burdens on the legitimate trade, while maximising compliance based on experience regulating other excise products like tobacco and alcohol.

**Figure 3.A Impact of Vaping Products Duty on the supply chain**



**3.8** The duty will target the liquid used for the purpose of vaping and will be chargeable at the point of manufacture or import. Several design options for the duty have been considered, including a device levy alongside a duty on liquid to increase the tax burden on disposable vapes, due to their environmental harms. However, the announced ban on disposable vapes means that we currently do not believe a duty on devices is necessary. We will continue to monitor the market in case this decision should be revisited in future.

**3.9** The government is aiming to reduce the number of non-smokers and young people that vape. However, given the known harms caused by nicotine addiction, the government’s intention is also to encourage consumers to reduce their nicotine intake by switching to lower or nicotine-free options, further supporting health objectives. Therefore, the structure of the duty will be progressive, based on the nicotine strength of the liquid. A progressive structure will also encourage manufacturers to reduce the nicotine content of their products.

**3.10** A flat rate structure was considered, which would mean one rate for all liquid regardless of nicotine content, however a progressive structure will better meet these objectives.

**3.11** Including nicotine-free liquids in the scope of the duty will support the government’s aim of preventing potential future health harms from vaping, beyond nicotine addiction, and help reduce the risks of tax fraud and non-compliance.

**3.12** The three-tiered structure will include a lower rate for nicotine-free liquid, a rate for liquids with a nicotine strength per millilitre up to roughly the equivalent strength to a cigarette, and a higher rate for liquid containing more nicotine per millilitre than an average cigarette (approximately 11mg and above). The table below provides more information on the proposed tier structure.

**Table 3.A Proposed vaping duty tier structure**

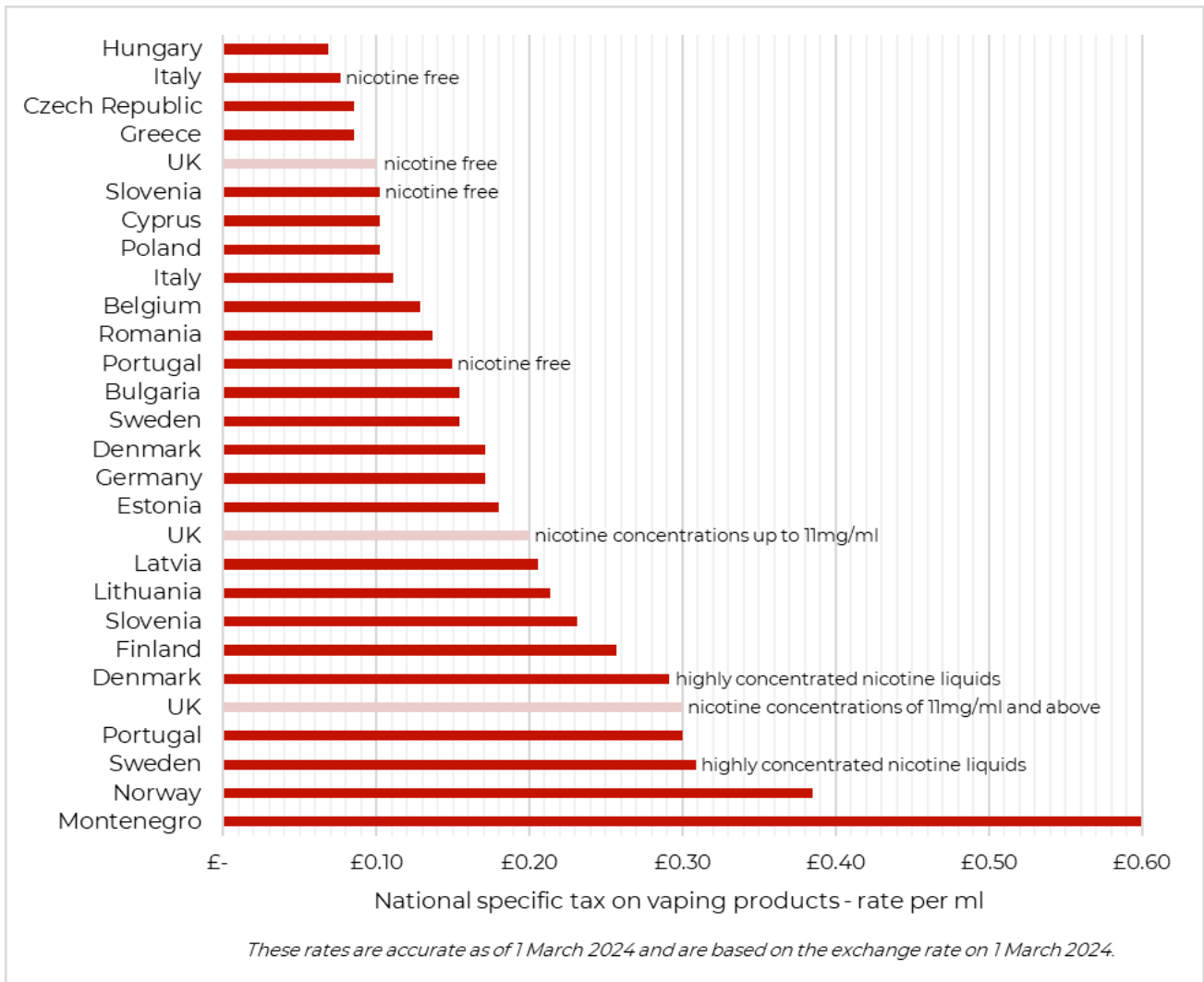
<b>Tier</b>	<b>Rate structure</b>	<b>Comparisons to cigarettes</b>
1	£1.00 per 10ml for nicotine-free liquids.	This is roughly 2.4% of the current total duty on the equivalent quantity of a typical cigarette.
2	£2.00 per 10ml on liquids that contain approximately the same or less nicotine (per ml) than in an average cigarette (0.1-10.9 mg).	This is roughly 4.7% of the current total duty on the equivalent quantity of a typical cigarette.
3	£3.00 per 10ml on liquids that contain roughly more nicotine per ml than in an average cigarette (11mg or more).	This is roughly 7.1% of the current total duty on the equivalent quantity of a typical cigarette. The maximum legal strength is 20mg/ml, however there is evidence that a significant number of illegal products above this limit are being sold.

Source: HMT/HMRC

3.13 The rates outlined above are similar to other countries that have introduced a strength-based system for vaping products. A direct comparison is difficult because of differences in national tax and regulatory frameworks. However, the overall impact of excise rates, including where a higher strength band is applied, is similar to those adopted by Sweden (for nicotine liquids above 15mg/ml) and Denmark (for nicotine liquids above 12mg/ml).

3.14 In comparison, the UK's proposed duty rates are more progressive than other countries without an additional high strength band. This means that it offers a lower tax rate for lower strength products, rather than applying a universal rate to all nicotine containing vaping products. As an example, the UK's rate on some vaping products will be less than the flat rate applied in countries such as Finland or Norway.

**Figure 3.B Comparison of proposed UK vaping products duty rates and national vaping products tax rates in European countries**



**3.15** The potential impact of the government’s proposed rate structure on the price of a 10ml refillable bottle, assuming 100% pass through of the duty and VAT, is set out below. The table below shows the pre-tax and post-tax price for nicotine-free, nicotine liquid and high nicotine strength liquids. The price increases in line with the strength of the liquid, so that products in the highest strength band are progressively more expensive, when compared to low or nicotine-free products. The products remain significantly cheaper than tobacco products in equivalent quantities.

**Table 3.B Potential price impact of the proposed rate structure**

	<b>Refillable liquid (10ml)</b>	<b>Percentage increase in price</b>
Pre-duty	£2.50	N/A
Post-duty (excise duty and VAT):		
Nicotine-free liquid (£1 per 10ml)	£3.70	48%
Nicotine liquid (up to 11mg/ml) (£2 per 10ml)	£4.90	95%
Higher nicotine (at least 11mg/ml) (£3 per 10ml)	£6.10	143%

Source: HMT/HMRC

### Tobacco increase

**3.16** Vaping products can play a role in helping smokers give up cigarettes and it is important that they continue to be accessible to those who are trying to switch. To ensure the new duty does not make smoking more attractive, the government has announced a one-off increase in the duty on tobacco. This will maintain the financial incentive to choose vaping over smoking.

**3.17** Tobacco duties will be increased by £2 per 100 cigarettes or 50 grams of tobacco (quantity equivalent to 10ml of e-liquid) upon the introduction of the duty in October 2026.

**3.18** The approximate equivalence between vaping products and cigarettes is based on the number of 'puffs' required to consume each product. This metric has been used so that comparisons between different products can be drawn and ensure that the duty burden remains considerably lower than for cigarettes.

**3.19** 100 puffs is considered equivalent to 1ml of e-liquid or 10 cigarettes. There will be variance across different products and brands, and for different individuals depending on users’ own consumption



habits i.e. size and length of puff, and time in between puffs. Based on evidence from the National Institute on Drug Abuse, a typical smoker will take 10 puffs on a cigarette<sup>4</sup>.

**3.20** We identified a product which established puffs based on laboratory testing and the international standard for puffing regimes (ISO 207681). It established that their Vuse ePen pods containing 2ml provide 200 puffs based on these tests<sup>5</sup>. Therefore, it is estimated that vaping products contain, on average, 100 cigarette puffs per 1ml.

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<sup>4</sup> National Institute on Drug Abuse, ['How does tobacco deliver its effects?'](#), 12 April 2021

<sup>5</sup> British American Tobacco, [Vuse puff count](#)

# Chapter 4

## About you

4.1 Businesses, organisations, and individuals may have different perspectives, and we are interested in understanding the context of the answers you give to all the questions in this consultation.

### **Question 1: Are you:**

- A business?
- An organisation? If so, please provide details (e.g. trade/health body)
- An individual

### **\*If you answered 'a business' please specify which of the following describe your business:**

- a UK producer of vaping products to which you own the brand
- a UK producer of vaping products to which you do not own the brand
- a UK packager of vaping products that someone else has produced
- an overseas producer of vaping products
- an importer of vaping products into the UK
- a UK retailer
- a UK wholesaler or distributor
- a business providing goods or services that support the production, packaging, importation, or supply of vaping products in the UK – please provide details
- another type of business – please provide details

### **Question 2: If you are a business, where is your business established?**

- UK
- Isle of Man
- EU – please state country
- Non-EU – please state country

### **Question 3: If you are a business, how many staff do you employ?**

- Fewer than 10
- 10-100
- 101-500
- More than 500

## Tobacco industry declaration

**4.2** As a party to the World Health Organization's Framework Convention on Tobacco Control (FCTC), the UK has an obligation to protect the development of public health policy from the vested interests of the tobacco industry. To meet this obligation, we ask all respondents to disclose whether they have any direct or indirect links to, or receive funding from, the tobacco industry.

**Question 4: Do you have any direct or indirect links to, or receive funding from, the tobacco industry?**

## Structure of the duty

**Question 5: Do you agree that the rates and structure outlined in Chapter 3 will achieve the stated objectives of the duty? Yes/No. Please provide any reasons for your answer.**

**Question 6: Do you agree that the rates and structure will encourage manufacturers to reduce the nicotine content of their products? Yes/No. Please provide any reasons for your answer.**

**Question 7: What do you think the likely impact the rate structure will have on consumers' vaping behaviours? Please provide any supporting evidence.**

## Scope of the duty

The government welcomes views on how the production of vaping products by individuals for their own use should be treated for the purposes of the duty. To minimise complexity and revenue risks, the government proposes that the duty will apply to all vaping products, including those manufactured by individuals for their own use, mirroring the approach currently used in the tobacco regime.

**Question 8: Should production of vaping products by individuals for their own use be within scope of the duty? Yes/No. Please explain any reasons for your answer.**

**Question 9: Are there any other factors concerning home production/blending that should be considered? Yes/No. Please specify.**

# Chapter 5

## Liability for the duty

### When liability arises

5.1 Rules covering liability to duty on vaping products will operate similarly to rules covering other excise duties. Vaping products that fall within scope will become chargeable with excise duty at the point of their manufacture in, or importation into, the UK.

5.2 Vaping products will be considered 'manufactured' at the point the final product is made, for example when vaping liquid has been made up from its ingredients. This would be the point at which products are charged with duty. Any premises where vaping products are manufactured in the UK would need to be registered with HMRC. If products require processing of any kind after initial manufacture that could affect the overall duty due (e.g. dilution or addition of nicotine), HMRC would expect such operations also need to be carried out in premises registered or approved by HMRC for such purposes.

5.3 Excise duty may be 'suspended' while the goods are held on these premises, providing certain conditions are met. This will be put in place to support business cashflow. Excise duty becomes payable on the finished products once they are released from these arrangements. If there are no agreed duty suspension arrangements in place, then the duty would be payable immediately.

5.4 For imports, excise duty will be payable when vaping products are imported into the UK. However, similarly to goods manufactured in the UK, any further processing or packaging of products that might affect the overall duty due should be carried out in premises registered or approved by HMRC for that purpose, and payment of the duty suspended until the products are finished and ready to be sold.

Imports are considered in more detail at Chapter 7.

### Person liable to pay the duty

5.5 The arrangements proposed above mean that the UK manufacturer or importer is liable to pay the duty, unless the products are held in duty suspension by another person after initial manufacture or import, in which case it would be that person who is liable to pay the duty when those arrangements cease.

5.6 The government may legislate for “joint and several”<sup>6</sup> liability to pay the duty in some circumstances. More information on duty suspended movements is covered in Chapter 7.

5.7 Views are invited on the proposals set out above, particularly on the following questions:

**Question 10: Do you agree with the proposals on how liability would work? Yes/No. Please provide any reasons for your answer.**

**Question 11: Do you agree with HMRC’s proposal for when products should be charged with the duty? Yes/No. Please provide any reasons for your answer.**

**Question 12: Do you have views on the extent to which premises used for further processing or packaging should be required to register or seek approval? Yes/No. If so, please explain your answer.**

**Question 13: Do you agree with the suggestion on who should be liable to pay the duty? Yes/No. If not, do you think any other person should be held liable?**

**Question 14: The government also welcomes evidence on the processes followed in the manufacture of vaping products, including any secondary processes that are carried out after initial manufacture, for example processing of semi-finished products or packaging.**

## Exemptions and reliefs

5.8 The government is not proposing any exemptions or reliefs for vaping products released on to the UK market for general sale or products given away as promotions or samples. Exemptions or reliefs do not appear justified in these circumstances and would increase the complexity of the duty’s design. However, the government is interested in any evidence of products that are used for purposes other than release to the UK market to consider whether there is a case to provide any relief in certain scenarios. This does not include circumstances where the UK is obliged to provide relief under international law, such as supplies to diplomatic missions.

**Question 15: Do you agree that products destined for general sale on the UK market should not qualify for any reliefs or exemptions from the duty? Yes/No. If not, and you think there should be any exceptions to this, please explain why.**

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<sup>6</sup> The tax liability may be extended on a “joint and several” basis to other businesses in the supply chain if it is not accounted for at the appropriate time. The tax would be charged on businesses that knew or had reasonable grounds to suspect the tax had not been accounted for. If a number of persons are jointly and severally liable, HMRC can take civil recovery action against them all at the same time, or one at a time.

Where liability is several, it is possible to proceed against each person individually and recover from each person individually. Where there is a joint liability, proceedings must be taken against persons jointly, but each person is jointly liable for any debt such that where one person has no funds the whole of the amount of any debt can be recovered from the other person or persons who are jointly liable.

**Question 16: Are you aware of any examples of vaping products being used for purposes other than general sale on to the UK market that you feel ought to be eligible for relief or exemption? Yes/No. If so, please provide any supporting evidence.**

# Chapter 6

## UK manufacture: Registration, returns and other requirements

**6.1** This chapter sets out details of how the government proposes the duty should work for those who manufacture vaping products in the UK.

**6.2** UK manufacturers who are liable for the duty will have to register with HMRC, report information regarding the goods they have produced, and pay their liability via monthly returns. HMRC operates on a 'digital by default' basis and will look to mandate digital channels by which all businesses within the scope of the duty must register, report and pay online, with exceptions only for those who are digitally excluded by virtue of protected characteristics.<sup>7</sup>

**6.3** Any person or business intending to manufacture vaping products in the UK would need to register those premises. The manufacturer would also be required to register any associated premises in which they wish to store vaping products in duty suspense after manufacture before they are released onto the market. Businesses will also need to register any separate premises that may be used for processing or packaging of vaping products, particularly where the processes undertaken alters the duty liability of the products in question. The government may legislate to prohibit operations performed after the duty-point that could alter the duty liability of the finished product. To inform the final design of this aspect of the new duty, HMRC welcomes evidence on how vaping product supply-chains currently operate in this regard.

**Question 17: Please provide information on how manufacturing supply-chains of vaping products currently operate.**

**Question 18: Are vaping products subject to additional processing on a different premises or by businesses other than the initial manufacturer? Yes/No. If so, please explain your answer and provide any supporting evidence.**

**Question 19: Are there any processes, including packaging of vaping products, that you feel should not be required to take place on**

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<sup>7</sup> Protected characteristics are defined in the [Equality Act 2010](#).

**premises registered or approved by HMRC? Yes/No. If so, please explain what these are and why the relevant premises should not require approval from HMRC.**

6.4 HMRC will provide support and clear guidance for businesses ahead of implementation. The digital service for registering will also be available in good time to allow business to prepare for the introduction of the duty. We expect the registration requirements to be broadly similar to existing excise regimes.

## Registration of premises, process and requirements

6.5 When registering for the duty, HMRC expects that a responsible person in the business will be required to provide certain information. This may include:

- the name and address of the business;
- their VAT or Corporation Tax number (if applicable);
- the address, purpose, and intended production level (or storage capacity) of the premises;
- plan of the premises;
- whether the vaping products to be manufactured or stored are intended for supply in the UK, export, or both;
- the security arrangements for the premises;
- the volume of vaping products manufactured or imported into the premises in the last 12 months;
- the product lines along with previous/expected volumes that are liable for the duty
- specification of whether the business owns the brand, or whether goods are produced under licence or contract, including the name of the business they are producing for;
- the name of responsible person at the business;
- bank details to be used.

**Question 20: Is there any other information that would be relevant for HMRC to consider an application for registration? Yes/No. If yes, please explain your answer and provide any supporting evidence.**

**Question 21: Is there a need for joint registrations covering more than one legal entity that manufactures/or stores vaping products in the same premises? Yes/No. If so, please explain your answer and provide any supporting information and evidence.**

**Question 22: Is there a need for registrations to cover more than one premises owned by a single entity? Yes/No. If so, please explain your answer and provide any supporting evidence.**



## Refusal/Revocation/Deregistration

**6.6** HMRC would be able to refuse an application for registration with reasonable cause. For example, where background checks suggest that a person or business is not suitable to be registered or we are not satisfied that the premises are adequate and secure for the storage of duty suspended vaping products. HMRC may also revoke registration where there is evidence of persistent or serious non-compliance, lack of due diligence in supply-chains etc. This would mirror the approach for existing excise duties.

**6.7** HMRC expects that there will be a facility for registered persons or businesses to apply for deregistration when they stop producing vaping products liable to the duty.

**Question 23: Do you agree these registration and deregistration provisions are appropriate? Yes/No. If not, please explain your answer and provide any supporting evidence.**

**Question 24: Please provide details of the one-off costs businesses may face for registering for the duty with HMRC.**

## Filing returns and other requirements

**6.8** Once registered, a monthly return should be submitted online and businesses will be required to make an electronic payment of the duty due within a certain period.

**6.9** Businesses will be required to submit details of the vaping products upon which duty is payable and show how much duty is due. The information required may include:

- Volumes of vaping products upon which duty is due;
- Volume of vaping products falling within each duty band, including information on nicotine content;
- Total liability due;
- Any credits to be offset against duty liability for the month.

**Question 25: Please provide details of the expected one-off and ongoing costs to businesses of completing and filing a monthly online return and making payments of duty.**

**Question 26: Are these return and payment arrangements appropriate for UK manufacturers of vaping products? Yes/No. If not, please explain your answer and provide any supporting evidence.**

**Question 27: How soon (number of days) after the end of a month should businesses be expected to submit their return and make payment to HMRC for the duty? Please explain your answer.**

## Credits and repayments

**6.10** HMRC considers that duty credits may be necessary in some circumstances. For example, for duty paid vaping products which are returned by a customer to registered premises as they are no longer in a saleable condition and need to be destroyed. A duty credit would not be provided for goods returned to registered premises which are in a saleable condition and only require re-packaging.

**6.11** Businesses that have paid the duty but are not operating from registered premises (for example, because they are importers) may be able to claim a repayment of duty under excise duty 'drawback', where conditions are satisfied. Drawback is a refund of UK excise duty made when goods have not been (and will not be) consumed in the UK, for example if they are destroyed or exported. Drawback is addressed in Chapter 7.

**6.12** Besides the circumstances described above, HMRC will allow adjustments for over and under declarations where the duty has been overpaid or underpaid due to errors in a similar way to existing excise regimes.

**Question 28: Are there any other circumstances where a claim to a repayment of duty should be permitted which has not been covered above? Yes/No. If so, please explain your answer and provide any supporting evidence.**

## Tax agents and intermediaries

**6.13** HMRC wants to understand instances where businesses use third-party agents and intermediaries to help meet their tax obligations, in particular where these third-parties file returns on behalf of the business. HMRC would like to hear directly from these third-party agents about the services they would expect to provide to help their clients to help them meet their obligations under the duty.

**Question 29: If you are a business, do you intend to use a third-party agent to help meet your obligations for the duty? Yes/No. If so, please provide details on which obligations you would seek assistance with.**

**Question 30: If you are a tax agent, what services relating to the duty do you expect to offer to your customers?**

## Records and accounts

**6.14** HMRC expects manufacturers of vaping products to keep detailed business records as part of their obligations under a vaping duty registration. This may include quantities and descriptions of the following:

- Materials received into the registered premises;
- Materials used in each manufacturing batch or during any period of manufacture agreed with HMRC;

- Details of materials disposed of;
- Any waste deriving from materials used and how that waste is disposed of;
- Quantities produced;
- Nicotine content of products produced;
- Type and brand of products produced;
- Dates of production.

**Question 31: Will the record keeping requirements outlined above be straightforward for businesses to comply with? Yes/No. If not, please provide details of any issues you expect.**

# Chapter 7

## Treatment of imports, exports, and duty suspension

7.1 As mentioned in Chapter 5, the duty will become chargeable when vaping products are imported into the UK. This chapter covers the approach currently proposed for the importation and exportation of vaping products.

### Imports

7.2 The introduction of a new excise duty will require additional controls when products are imported. Once excise goods are in free circulation<sup>8</sup>, the charge to excise duty arises.

7.3 The person or business that imports vaping products would be the legal entity responsible for the goods entering the UK and as such would have an obligation to ensure that duty is accounted for.

7.4 Accounting for excise duty means either:

- paying the duty at the point of importation (or release from Customs Special Procedures) via a customs declaration, or;
- entering into an arrangement to defer payment of excise duty<sup>9</sup> or;
- placing the products in an excise duty suspension arrangement.

**Question 32: Is this proposed approach to imports appropriate for vaping products? Yes/No. If not, please explain your answer and provide any supporting evidence.**

**Question 33: Please provide information on how importation supply-chains of vaping products currently operate.**

**Question 34: Is there is a need for any additional arrangements covering other persons that may have a role in import processes?**

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<sup>8</sup> Excise goods are in free circulation when all import formalities have been completed and any customs duties due have been paid.

<sup>9</sup> Businesses can apply for a Duty Deferment account if they are an importer, someone who represents importers or if they release goods from an excise warehouse or registered premises. For further information on Duty Deferment, please see [guidance on GOV.UK](#).

**For example, agents or fulfilment houses. Yes/No. If so, please explain your answer and provide any supporting evidence.**

## Duty suspension arrangements

**7.5** Vaping products, like other excise goods, may be placed into a duty suspension arrangement once the goods are released from customs controls into free circulation. Duty suspension arrangements are outlined in Chapter 7.

**7.6** When excise goods move in the UK under duty suspension, unless there is a specific exemption in UK law, they must be moved between approved people and approved premises using the Excise Movement and Control System (EMCS). EMCS is an electronic system that records and validates movements of duty suspended excise goods. Vaping products that move in duty suspension will also need to use EMCS, unless there is a proven case to exclude movements in certain circumstances. For further information on the requirements for EMCS, please see [guidance on GOV.UK](#).

## Premises that can receive products in duty suspension

**7.7** Only approved warehouses or the registered premises of vaping product manufacturers would be permitted to receive vaping products in duty suspension. Registered premises are covered in Chapter 6.

**7.8** Excise warehouses are places of security, where goods liable for excise duty can be stored without payment of the duty, for such periods and subject to such conditions as HMRC see fit. Only persons who can demonstrate that they are 'fit and proper' are approved to operate an excise warehouse. For more information on excise warehousing and how approval works, please see [guidance on GOV.UK](#).

**7.9** Vaping products will be brought into the existing excise warehousing regime.

**7.10** HMRC does not intend to permit further duty suspended movements beyond the initial movement to an excise warehouse or registered premises used for manufacture in the UK following importation.

## Removals from registered premises

**7.11** The duty will normally be payable on removal of vaping products from the registered premises of the manufacturer. Where goods are destined for the UK market, HMRC will generally only allow duty suspended movements of finished products from the registered factory to registered store of the manufacturer or, in the case of unfinished products, to other approved premises for the purposes of processing or packaging.

## Financial security

**7.12** HMRC requires financial security (such as a guarantee) to be provided for goods moving under a duty suspension arrangement

within the UK. If HMRC deems it necessary for the protection of revenue, security may be required where the goods are stored in registered or approved premises under duty suspension. The approach to security on products that are duty suspended, and where payment of duty is deferred, will reflect existing excise regimes.

**Question 35: Are the proposals related to duty suspension appropriate? Yes/No. If not, please explain your answer and provide any supporting evidence.**

**Question 36: Is there a commercial need for HMRC to permit duty suspended storage of imported products? Yes/No. If so, please explain your answer and provide any supporting evidence.**

**Question 37: Do you agree that EMCS should be used for duty-suspended movements of vaping products in the UK? Yes/No. If not, please explain any circumstances that you think are relevant.**

**Question 38: If you are an importer of vaping products, how are they currently moved from overseas to the UK? Please provide details on packaging (individual pods, as bulk liquid or any other means) as well as any evidence you see as relevant.**

## Postal imports

7.13 Vaping products sent through the post from overseas will be charged with the same rates of duty as those applicable to freight movements. For further information please see [tax and customs for goods sent from abroad guidance](#). Introduction of the duty will not affect additional rules or restrictions that post and parcel operators may impose on the handling of vaping products.

## Duty-free allowances

7.14 Passengers travelling to the UK are currently entitled to personal allowances which mean they can bring with them a certain amount of goods for their personal use/consumption without paying duty or having to make a declaration. For alcohol and tobacco, the personal allowances are expressed as a quantity e.g. 200 cigarettes. However, all other products are covered by a single monetary allowance of £390 (or £270 if you arrive by private plane or boat). The government would welcome views and evidence on the appropriate treatment of vaping products carried by international passengers for their personal use once the duty takes effect.

**Question 39: Should there be a quantitative personal allowance for vaping products? Yes/No Please provide evidence to support your answer where possible.**

## Goods to be loaded as ship, train, or aircraft stores

7.15 In existing excise regimes, excise duty is not charged on excise goods loaded for use as stores on vessels bound for destinations outside the UK. For further information, please see [Excise Notice 69a](#).

**Question 40: Should the government apply similar arrangements to vaping products shipped as stores as are applied currently for existing excise duties? Yes/No. If not, please explain your answer and provide any supporting evidence.**

## Exports

**7.16** The government intends that businesses who are approved or registered to hold vaping products in duty suspension will be able to move products in duty suspension to a place for export.

**7.17** For those businesses who have paid the duty on vaping products, and they are subsequently exported, drawback arrangements will be provided for the duty to be refunded. In order to claim drawback, the claimant needs to provide evidence that the products have been exported. Evidential requirements for claims would reflect the rules already in place for excise duty drawback. For further information on drawback, please see [guidance on GOV.UK](#).

# Chapter 8

## Compliance and enforcement

**8.1** This chapter covers the government’s proposed approach to ensure compliance with the new duty and how HMRC proposes to enforce the rules.

**8.2** Helping customers get their tax affairs right the first time is one of HMRC’s strategic objectives, so HMRC will seek to ‘design out’ opportunities for non-compliance where possible. It is essential the new duty is implemented in a way that minimises the risk of avoidance and evasion and provides a level playing field for compliant businesses.

**8.3** HMRC will reduce the risk of fraud and error by using digital channels where possible, using what is known about businesses to identify risks as they arise, and giving customers the opportunity to correct mistakes before they reach HMRC.

**8.4** HMRC will work with other government agencies including Border Force and Trading Standards to share intelligence and operate on a risk-based approach.

**8.5** Where there is non-compliance, HMRC will use the appropriate tools at its disposal to tackle it.

### Compliance powers and sanctions

In order to ensure compliance with the duty, HMRC will adopt similar compliance and enforcement powers to those that are already in place to administer other taxes and duties. For example, requiring businesses to provide HMRC with information and documents that can help to calculate the correct level of duty, HMRC will also be able to challenge the content of any return and assess for additional liability where necessary.

The government will ensure that necessary civil and criminal investigation powers are available to address non-compliance, for example, in cases of fraudulent evasion of the duty. HMRC will have the powers to seize vaping products on which the correct amount of duty has not been paid, or where there are other significant compliance failures. This power would also extend to other items involved in non-compliant activity, for example manufacturing equipment used in an illicit vape factory or vehicles used for smuggling vaping products. These powers, and how they are exercised, would reflect existing excise regimes. Any decision to prosecute would be taken by the UK



prosecuting authorities per existing procedures. The sanctions available, and their levels, will mirror existing excise sanctions.

HMRC will use appropriate operational countermeasures to combat any illicit trade and would seek out opportunities for collaboration with other agencies, for example Trading Standards, where there are common objectives in combating trade in illicit vaping products. The government welcomes views on illicit trade as part of this consultation. HMRC will work closely with industry to ensure that any compliance regime minimises the burdens on compliant businesses, whilst providing safeguards to tackle non-compliance, avoidance and evasion.

**Question 41: Are there any other specific compliance risks relating to the manufacture and importation of vaping products that may require bespoke compliance arrangements? Yes/No. If so, please outline any scenarios that you anticipate may require bespoke compliance powers.**

**Question 42: Where is the nicotine used in the manufacture of vaping products generally sourced from (e.g. UK or imported)?**

**Question 43: How do businesses know the nicotine content of vaping products they manufacture or import?**

**Question 44: How easy is it to test the nicotine content and strength of vaping products? Please provide relevant information relating to costs and availability of tests.**

**Question 45: Are there any industrial uses for nicotine, other than the manufacture of tobacco, vaping and smoking cessation products? Please provide evidence where relevant.**

## Penalties

**8.6** HMRC applies penalties to those who have failed to meet their tax obligations. Penalties act as a deterrent and reassure those that do meet their obligations that they are not going to be disadvantaged. HMRC does not use penalties as a method of raising revenue, but as a deterrent to those who fail to pay the right amount of tax or fail to comply with legal requirements relating to tax and duty.

**8.7** Penalties for this duty will align with those used across HMRC's regimes in circumstances such as:

- manufacturing in unregistered premises
- wrongdoing, such as holding or supplying duty unpaid goods without appropriate approval
- late filing of returns
- late or non-payment of duty
- failure to provide information
- failure to keep required records

- submitting inaccurate information

## Appeals

8.8 Where businesses do not agree with HMRC decisions, for example refusal of registration, issuing of penalties, raising of assessments, revocation of registration, they would have the right to appeal.

**Question 46: Do you consider that the suggested approach to compliance and penalties is appropriate? Yes/No. If not, please explain your answer and provide any supporting evidence.**

## Track and Trace

8.9 HMRC is exploring whether to introduce a Track and Trace system or other compliance tools as a way to regulate the supply chain.

8.10 HMRC operates a track and trace system for tobacco products, which tracks their movement from manufacture in, or importation into, the UK through the supply chain up to retail sale. The system requires tobacco products to have a unique identifier code, issued by the UK system provider, associated with each unit pack of product. This unique identifier code is then used to track the tobacco product through a series of scans and reporting as the product makes its way through the supply chain. Every business involved in the supply of cigarettes and hand-rolling tobacco must be registered on the tobacco track and trace system.

8.11 The aim of the track and trace system is to make it easier to identify where genuine product has been diverted into the illicit market, and more difficult for illicit goods to enter the legitimate market.

8.12 If a business fails to comply with the requirements of the track and trace system, HMRC can issue a compliance notice, issue financial penalties or seize non-compliant product. For repeated or more serious cases of non-compliance, HMRC can remove a businesses' economic operator ID code which would mean the business could no longer legally buy or supply tobacco products.

8.13 HMRC has ongoing engagement with businesses involved in the supply of tobacco products to promote and support compliance with the requirements.

**Question 47: Should a track and trace system be introduced for vaping products? Yes/No. Please explain any reasons for your answer.**

**Question 48: Are there any other compliance tools, e.g. fiscal marks, which would be appropriate to introduce for vaping products? Yes/No. If so, please outline these tools and explain how they would help ensure compliance with the requirements of the duty.**

## Chapter 9

# Understanding commercial principles

**9.1** A key objective of this consultation is to add to the government's understanding of how the vaping industry operates in the UK and how it will be affected by the introduction of a new duty.

**9.2** The government acknowledges that requiring businesses to register and comply with new rules will have an impact and may increase the administrative burdens they face. HMRC will seek to understand the impact and mitigate as far as possible any additional costs and impacts. This is important as HMRC aims to implement the duty in the most effective way, while minimising any costs or burdens on affected businesses.

**9.3** Throughout this document, specific questions are asked which will develop understanding. However, the government appreciates that the industry is complex and wants to provide experts with the opportunity to provide any information which they believe could be relevant to the design and implementation of the duty.

**Question 49: Unless already covered in your responses to other questions within this document, please tell us about how your business operates and how you think it would be impacted by the duty, including additional administrative burdens?**

**Question 50: Are there any specific impacts on small and micro businesses that are not covered? Yes/No. If so, please provide details of the anticipated one-off and on-going costs and burdens.**

**Question 51: Are there any specific impacts on importers that are not covered? Yes/No. If so, please provide details of the anticipated one-off and on-going costs and burdens.**

**Question 52: If you manufacture or process vaping products, what type of businesses do you supply them to?**

**Question 53: If you manufacture or process vaping products, how much of this product is sold domestically and how much is exported?**

**Question 54: If you manufacture or process vaping products, please explain how the proposed levels of duty compare to the other costs involved in production/distribution. Do you expect an impact on profit margins?**

**Question 55: If you are a business that supplies vaping products, to what extent do you expect to 'pass through' the new duty in prices that you charge to your customers?**

**Question 56: If you manufacture or store vaping products, how long do you typically keep stock on hand before it goes out to sale?**

**Question 57: Is there anything else you would like to add about how your business operates that may be relevant to the design of the new duty?**

### Alternative nicotine products

9.4 There are various nicotine containing products on the market including but not limited to nicotine pouches, skin patches, chewing gum, inhalators, tablets, and oral strips. These products are primarily used to assist people to stop smoking.

**Question 58: Do you believe the introduction of the new duty would lead to consumers switching to alternative nicotine containing products? Yes/No Please add which products you believe would be a realistic switch.**

# Chapter 10

## Assessment of impacts

10.1 A full impact assessment will be conducted once final policy decisions are made.

**Table 10.A Assessment of impacts**

<p><b>Exchequer impact (£m)</b></p>	<p><b>Table 10.B Costings table</b></p> <table border="1" data-bbox="528 882 1316 1010"> <thead> <tr> <th>23/24</th> <th>24/25</th> <th>25/26</th> <th>26/27</th> <th>27/28</th> <th>28/29</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-20</td> <td>-55</td> <td>+235</td> <td>+545</td> <td>+620</td> </tr> </tbody> </table> <p>Source: HMT/HMRC</p> <p>The above table includes initial estimates of the Exchequer impact of Vaping Products Duty and the one off increase in tobacco duty, assuming that the sales of disposable vaping products is restricted in England and therefore the tax is not applied to these products. These figures are set out in Table 5.1 of Spring Budget 2024 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Spring Budget 2024.</p>	23/24	24/25	25/26	26/27	27/28	28/29	-	-20	-55	+235	+545	+620
23/24	24/25	25/26	26/27	27/28	28/29								
-	-20	-55	+235	+545	+620								
<p><b>Economic impact</b></p>	<p>This measure is not expected to have any significant macroeconomic impacts.</p>												
<p><b>Impact on individuals, households and families</b></p>	<p>This measure will impact on individuals who vape by increasing the price of vaping products. Heavy vapers will face the highest burden from this measure. In response to higher prices, some individuals could choose to consume less, some could down-trade from more expensive to cheaper vaping products and others could purchase from the illicit vaping market. Another possible response is that individuals will respond to higher prices of vaping products by moving to tobacco products. To mitigate this risk, the government has announced a commensurate increase to tobacco duties will be made when the new duty is introduced.</p>												

	<p>The increase to tobacco duties will impact individuals who use tobacco by increasing the price of these products. Heavy smokers will face the highest burden from this measure. In response to higher prices, some individuals could choose to consume less, some could down-trade from more expensive to cheaper tobacco products and others could purchase from the illicit tobacco market.</p> <p>Customer experience is expected to stay broadly the same as this measure only increases the price of vaping products. Businesses, and not individuals, will be responsible for accounting for and paying the duty.</p> <p>The measure is not expected to impact on family formation, stability or breakdown.</p>
<p><b>Equalities impact</b></p>	<p>ONS 2022 data shows that men (9.5%) are slightly more likely to vape daily or occasionally than women (7.9%). Younger people are also more likely to vape daily or occasionally than older people with people aged 16 to 24 having the highest proportion of vapers (15.5%). This measure will likely have a negative impact on these groups as they will have to pay more to vape. However, the potential health benefits of encouraging a reduction in nicotine and e-liquid consumption which pose a risk to health will be disproportionately experienced by these groups.</p> <p>Following the announced ban on disposable vapes, we expect some younger vapers to stop vaping which may mean older people are more likely to carry the cost of the duty.</p>
<p><b>Impact on businesses and Civil Society Organisations</b></p>	<p>This measure is expected to have a significant impact on businesses. There is expected to be an initial one-off cost for manufacturers and importers of vaping products. These costs include familiarisation with the new duty regime; businesses having to register as a result of the new duty; updating software or purchasing of new software; and training or upskilling staff as a result of this change. There will also be continuing costs following implementation such as recording more information, doing more calculations and providing HMRC with more data and information.</p> <p>This measure is expected overall to negatively affect business' experience of dealing with HMRC as the new duty requires additional tax admin tasks to be completed. To mitigate this, HMRC will provide clear</p>

	<p>guidance and communications in good time to advise of the changes. Some businesses may be less affected, as they have an established relationship with HMRC through other duties and therefore the burden will be less on these businesses.</p> <p>Stakeholder engagement with clear guidance on the new duty will be conducted ahead of the change going live.</p> <p>There is no impact on civil society organisations.</p>
<b>Impact on HMRC or other public sector delivery organisations</b>	<p>At this stage, HMRC expects to incur one-off capital costs to develop systems for collecting the duty.</p> <p>There will be on-going resource costs from 2024/25 to implement this change as well as enforcing and collecting the duty. Cost estimates will be reviewed and updated as necessary based on the outcome of this consultation.</p>
<b>Other impacts</b>	<p>Other impacts have been considered and none have been identified at this stage.</p>

Source: HMT/HMRC

**Question 59: Unless already covered in your responses to other questions within this document, is there anything else you would like us to note about the impact of the duty?**

# Chapter 11

## Summary of consultation questions

### **Question 1: Are you:**

- A business?
- An organisation? If so, please provide details (e.g. trade/health body)
- An individual

### **\*If you answered 'a business' please specify which of the following describe your business:**

- a UK producer of vaping products to which you own the brand
- a UK producer of vaping products to which you do not own the brand
- a UK packager of vaping products that someone else has produced
- an overseas producer of vaping products
- an importer of vaping products into the UK
- a UK retailer
- a UK wholesaler or distributor
- a business providing goods or services that support the production, packaging, importation, or supply of vaping products in the UK – please provide details
- another type of business – please provide details

### **Question 2: If you are a business, where is your business established?**

- UK
- Isle of Man
- EU – please state country
- Non-EU – please state country

### **Question 3: If you are a business, how many staff do you employ?**

- Fewer than 10



- 10-100
- 101-500
- More than 500

**Question 4: Do you have any direct or indirect links to, or receive funding from, the tobacco industry?**

**Question 5: Do you agree that the rates and structure outlined in Chapter 3 will achieve the stated objectives of the duty? Yes/No. Please provide any reasons for your answer.**

**Question 6: Do you agree that the rates and structure will encourage manufacturers to reduce the nicotine content of their products? Yes/No. Please provide any reasons for your answer.**

**Question 7: What do you think the likely impact the rate structure will have on consumers' vaping behaviour? Yes/No. Please provide any supporting evidence.**

**Question 8: Should production of vaping products by individuals for their own use be within scope of the duty? Yes/No. Please explain any reasons for your answer.**

**Question 9: Are there any other factors concerning home production/blending that should be considered? Yes/No. Please specify.**

**Question 10: Do you agree with the proposals on how liability would work? Yes/No. Please provide any reasons for your answer.**

**Question 11: Do you agree with HMRC's proposal for when products should be charged with the duty? Yes/No. Please provide any reasons for your answer.**

**Question 12: Do you have views on the extent to which premises used for further processing or packaging should be required to register or seek approval? Yes/No. If so, please explain your answer.**

**Question 13: Do you agree with the suggestion on who should be liable to pay the duty? Yes/No. If not, do you think any other person should be held liable?**

**Question 14: The government also welcomes evidence on the processes followed in the manufacture of vaping products, including any secondary processes that are carried out after initial manufacture, for example processing of semi-finished products or packaging.**

**Question 15: Do you agree that products destined for general sale on the UK market should not qualify for any reliefs or exemptions from the duty? Yes/No. If not, and you think there should be any exceptions to this, please explain why.**

**Question 16: Are you aware of any examples of vaping products being used for purposes other than general sale on to the UK market that you feel ought to be eligible for relief or exemption? Yes/No. If so, please provide any supporting evidence.**

**Question 17: Please provide information on how manufacturing supply-chains of vaping products currently operate.**

**Question 18: Are vaping products subject to additional processing on a different premises or by businesses other than the initial manufacturer? Yes/No. If so, please explain your answer and provide any supporting evidence.**

**Question 19: Are there any processes, including packaging of vaping products, that you feel should not be required to take place on premises registered or approved by HMRC? Yes/No. If so, please explain what these are and why the relevant premises should not require approval from HMRC.**

**Question 20: Is there any other information that would be relevant for HMRC to consider an application for registration? Yes/No. If yes, please explain your answer and provide any supporting evidence.**

**Question 21: Is there a need for joint registrations covering more than one legal entity that manufactures/or stores vaping products in the same premises? Yes/No. If so, please explain your answer and provide any supporting information and evidence.**

**Question 22: Is there a need for registrations to cover more than one premises owned by a single entity? Yes/No. If so, please explain your answer and provide any supporting evidence.**

**Question 23: Do you agree these registration and deregistration provisions are appropriate? Yes/No. If not, please explain your answer and provide any supporting evidence.**

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**Question 26: Are these return and payment arrangements appropriate for UK manufacturers of vaping products? Yes/No. If not, please explain your answer and provide any supporting evidence.**

**Question 27: How soon (number of days) after the end of a month should businesses be expected to submit their return and make payment to HMRC for the duty? Please explain your answer.**

**Question 28:** Are there any other circumstances where a claim to a repayment of duty should be permitted which has not been covered above? Yes/No. If so, please explain your answer and provide any supporting evidence.

**Question 29:** If you are a business, do you intend to use a third-party agent to help meet your obligations for the duty? Yes/No. If so, please provide details on which obligations you would seek assistance with.

**Question 30:** If you are a tax agent, what services relating to the duty do you expect to offer to your customers?

**Question 31:** Will the record keeping requirements outlined above be straightforward for businesses to comply with? Yes/No. If not, please provide details of any issues you expect.

**Question 32:** Is this proposed approach to imports appropriate for vaping products? Yes/No. If not, please explain your answer and provide any supporting evidence.

**Question 33:** Please provide information on how importation supply-chains of vaping products currently operate.

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existing excise duties? Yes/No. If not, please explain your answer and provide any supporting evidence.

**Question 41:** Are there any other specific compliance risks relating to the manufacture and importation of vaping products that may require bespoke compliance arrangements? Yes/No. If so, please outline any scenarios that you anticipate may require bespoke compliance powers.

**Question 42:** Where is the nicotine used in the manufacture of vaping products generally sourced from (e.g. UK or imported)?

**Question 43:** How do businesses know the nicotine content of vaping products they manufacture or import?

**Question 44:** How easy is it to test the nicotine content and strength of vaping products? Please provide relevant information relating to costs and availability of tests.

**Question 45:** Are there any industrial uses for nicotine, other than the manufacture of tobacco, vaping and smoking cessation products? Please provide evidence where relevant.

**Question 46:** Do you consider that the suggested approach to compliance and penalties is appropriate? Yes/No. If not, please explain your answer and provide any supporting evidence.

**Question 47:** Should a track and trace system be introduced for vaping products? Yes/No. Please explain any reasons for your answer.

**Question 48:** Are there any other compliance tools, e.g. fiscal marks, which would be appropriate to introduce for vaping products? Yes/No. If so, please outline these tools and explain how they would help ensure compliance with the requirements of the duty.

**Question 49:** Unless already covered in your responses to other questions within this document, please tell us about how your business operates and how you think it would be impacted by the duty, including additional administrative burdens?

**Question 50:** Are there any specific impacts on small and micro businesses that are not covered? Yes/No. If so, please provide details of the anticipated one-off and on-going costs and burdens.

**Question 51:** Are there any specific impacts on importers that are not covered? Yes/No. If so, please provide details of the anticipated one-off and on-going costs and burdens.

**Question 52:** If you manufacture or process vaping products, what type of businesses do you supply them to?

**Question 53: If you manufacture or process vaping products, how much of this product is sold domestically and how much is exported?**

**Question 54: If you manufacture or process vaping products, please explain how the proposed levels of duty compare to the other costs involved in production/distribution. Do you expect an impact on profit margins?**

**Question 55: If you are a business that supplies vaping products, to what extent do you expect to 'pass through' the new duty in prices that you charge to your customers?**

**Question 56: If you manufacture or store vaping products, how long do you typically keep stock on hand before it goes out to sale?**

**Question 57: Is there anything else you would like to add about how your business operates that may be relevant to the design of the new duty?**

**Question 58: Do you believe the introduction of the new duty would lead to consumers switching to alternative nicotine containing products? Yes/No Please add which products you believe would be a realistic switch.**

**Question 59: Unless already covered in your responses to other questions within this document, is there anything else you would like us to note about the impact of the duty?**

# Chapter 12

## The consultation process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1      Setting out objectives and identifying options.
- Stage 2      Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3      Drafting legislation to effect the proposed change.
- Stage 4      Implementing and monitoring the change.
- Stage 5      Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

### How to respond

A summary of the questions in this consultation is included at Chapter 11.

Responses should be sent by 29/05/2024, by e-mail to [vapingproductsduty@hmrc.gov.uk](mailto:vapingproductsduty@hmrc.gov.uk) or by post to: Vaping Policy Team, Fourth Floor East, Trinity Bridge House, 2 Dearmans Place, Salford, M3 5BS.

Please do not send consultation responses to the Consultation Coordinator. Paper copies of this document or copies in Welsh and alternative formats (large print, audio, and Braille) may be obtained free of charge from the above address. This document can also be accessed from HMRC's GOV.UK pages. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

### Consultation principles

This consultation is being run in accordance with the government's Consultation Principles. We will engage directly with relevant

stakeholders alongside this consultation to support policy development.

The Consultation Principles are available on the Cabinet Office website:

<http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

Richard Manchip, Consultation Coordinator, Budget and Finance Bill Team, HM Revenue & Customs, 6 Central Square, Cardiff, CF10 1EP

**Please do not send responses to the consultation to this address.**

# Chapter 13

## Privacy notice

### Processing of personal data

**13.1** This chapter sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

### Data subjects

The personal data we will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

### The personal data we collect

The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles and opinions.

### How we will use the personal data

This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact respondents to discuss their response.

HM Treasury will not include any personal data when publishing its response to this consultation.

A natural language processor may be used to support the analysis of responses. Personal data will not be made available to this tool.

### Lawful basis for processing the personal data

Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals to help us to develop effective government policies.

### Who will have access to the personal data

The personal data will only be made available to those with a legitimate business need to see it as part of consultation process.



We sometimes conduct consultations in partnership with other agencies and government departments and, when we do this, it will be apparent from the consultation itself. For these joint consultations, personal data received in responses will be shared with these partner organisations in order for them to also understand who responded to the consultation.

As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

## How long we hold the personal data for

We will retain the personal data until work on the consultation is complete and no longer needed.

## Your data protection rights

Relevant rights, in relation to this activity are to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

## How to submit a data subject access request (DSAR)

To request access to your personal data that HM Treasury holds, please email: [dsar@hmtreasury.gov.uk](mailto:dsar@hmtreasury.gov.uk)

## Complaints

If you have concerns about Treasury's use of your personal data, please contact our Data Protection Officer (DPO) in the first instance at: [privacy@hmtreasury.gov.uk](mailto:privacy@hmtreasury.gov.uk)

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at [casework@ico.org.uk](mailto:casework@ico.org.uk) or via this website: <https://ico.org.uk/make-a-complaint>.