

Taxation of vaping

Context

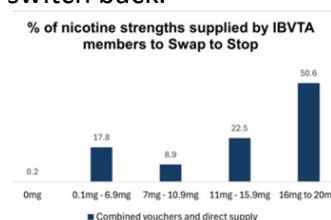
- At present vapes imported into the UK are subject to customs duty. VAT is also applied. Acknowledging that many countries apply excise on vaping products, the UK Government announced at the Budget in March 2024 that it would move forward with a new excise on vapes effective from 1st October 2026.¹

Excise rates	Expected price increase	The rate of excise depends on the strength of the nicotine.
£1 per 10ml nicotine free.	£1.20 per 10ml including VAT	
£2 per 10ml (nic level 0.1 - 10.9mg)	£2.40 per 10ml including VAT	
£3.00 per 10ml (nic level 11 mg or more)	£3.60 per 10ml including VAT	

- The HMRC consultation launched on the day of the budget set out the rationale for varying the rates dependent on nicotine strength. The aim being that smokers would be drawn to lower-taxed medium or nicotine-free vapes and existing vapers would switch to lower-taxed products.

ELFBAR position

- ELFBAR supports the implementation of a proportionate tax. The current proposals arguably miss the point of why smokers switch to these higher-strength products. There is, therefore, a risk that smokers switch to lower prices, and zero nicotine, which effectively doesn't work and therefore smokers switch back.
- Evidence from the Independent British Vape Trade (IBVTA) survey of members providing vapes as part of the 'Swap to Stop' scheme shows a clear preference for higher-strength vapes.²
- ELFBAR supports the IBVTA's position that *"A flat rate of duty used in many other European countries across all nicotine strengths would be most effective in meeting smokers' needs."*³
- A survey by Opinium in May 2024 of 6,000 UK adults⁴ revealed that when vapers were asked if the Government was taking the right approach with the proposed excise rates, 43% believe it is the wrong approach, and 34% believe it is.



¹ <https://www.gov.uk/government/consultations/vaping-products-duty-consultation#:~:text=Consultation%20description,off%20increase%20in%20tobacco%20duties.>

² <https://www.ibvta.org.uk/manifesto/>

³ <https://www.ibvta.org.uk/manifesto/>

⁴ Opinium survey of 6,000 UK adults (May 2024)

- ELFBAR believes that the Government should look carefully at the proposed excise rates particularly when its implementation may follow a series of other policy interventions.