

## Clause 28: Tobacco for heating

### Summary

1. This clause amends section 1 of the Tobacco Products Duty Act 1979 (TPDA) (and Schedule 1 to that Act) to introduce excise duty on a new category of tobacco – tobacco for heating. The new duty category will take effect at a date to be appointed by regulations, at a rate to be set at Budget 2018.

### Details of the clause

#### Amends section 1 of TPDA and Schedule 1 as follows:

2. Subsections (1) and (2) introduce a new category of tobacco for heating into the list of tobacco products in the TPDA.
3. Subsection (3) adds tobacco for heating as a category for the purposes of the Tobacco Products (Descriptions of Products) Order 2003 (the Order).
4. Subsection (4) adds tobacco for heating as a category in the table of rates, together with the weight measurement to be used for calculation of the duty.
5. Subsection (5) contains the ability to make changes to regulations other than the Order, where consequential on the tobacco for heating category.
6. Subsection (6) contains the procedure relevant to Subsection (5).
7. Subsection (7) provides for the new duty rate to come into effect on a day to be appointed by regulations.

### Background note

8. This clause has been introduced to give greater clarity to manufacturers and consumers on the tax treatment of tobacco for heating.
9. The rules for calculating excise duty due on tobacco products are laid out in TPDA. Under current rules, there are five products, which attract the four different levels of duty set out in schedule 1. While these categories capture tobacco designed for smoking, they do not specifically capture smokeless products (apart from chewing tobacco).
10. At Budget 2016, the government announced it would consult on the tax treatment of tobacco designed for heating. The consultation, which ran from 20 March 2017 to 12 June 2017, set out the rationale for potential changes to the tobacco duty regime. This was in response to the development of products in which processed tobacco is heated but not burned as in conventional tobacco products, either to produce or to flavour vapour, which is then inhaled

by the consumer.

11. At Spring Statement 2018, the government announced that it would introduce a new category of tobacco into the TPDA.
12. If you have any questions about this change, or comments on the legislation, please contact Excise: Enquiries on 0300 200 3700 (email: [tobacco.policy@hmrc.gsi.gov.uk](mailto:tobacco.policy@hmrc.gsi.gov.uk))

