

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

TOBACCO PRODUCTS (DESCRIPTION OF
PRODUCTS) (AMENDMENT) ORDER 2019

Monday 17 June 2019

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Friday 21 June 2019

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The Committee consisted of the following Members:

Chair: MR VIRENDRA SHARMA

† Ali, Rushanara (*Bethnal Green and Bow*) (Lab)
 Bacon, Mr Richard (*South Norfolk*) (Con)
 † Blackman, Kirsty (*Aberdeen North*) (SNP)
 † Costa, Alberto (*South Leicestershire*) (Con)
 † Dowd, Peter (*Bootle*) (Lab)
 † Grant, Mrs Helen (*Maidstone and The Weald*)
 (Con)
 † Griffiths, Andrew (*Burton*) (Con)
 Hoey, Kate (*Vauxhall*) (Lab)
 † Hughes, Eddie (*Walsall North*) (Con)
 † Jenrick, Robert (*Exchequer Secretary to the
 Treasury*)

† Killen, Ged (*Rutherglen and Hamilton West*) (Lab/
 Co-op)
 † Mann, John (*Bassetlaw*) (Lab)
 † Menzies, Mark (*Fylde*) (Con)
 † Merriman, Huw (*Bexhill and Battle*) (Con)
 † Milling, Amanda (*Cannock Chase*) (Con)
 † Morden, Jessica (*Newport East*) (Lab)
 † Walker, Thelma (*Colne Valley*) (Lab)

Yohanna Sallberg, Stuart Ramsay, *Committee Clerks*

† **attended the Committee**

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Monday 17 June 2019

[MR VIRENDRA SHARMA *in the Chair*]

Tobacco Products (Descriptions of Products) (Amendment) Order 2019

4.30 pm

The Exchequer Secretary to the Treasury (Robert Jenrick): I beg to move,

That the Committee has considered the Tobacco Products (Descriptions of Products) (Amendment) Order 2019 (S.I. 2019, No. 953).

The statutory instrument inserts into the Tobacco Products (Descriptions of Products) Order 2003 a new article that describes tobacco for heating, ensuring that this category of tobacco product can be distinguished from existing duty categories. This technical change describes tobacco that can be heated without combustion to produce or flavour a vapour, and did not attract any controversy during consultation. I assure right hon. and hon. Members that the Department of Health and Social Care has been intimately involved in the development of this new description.

Heated tobacco products, also known as heat not burn, are a recent development in the tobacco market. They contain processed tobacco that is heated but not burned, as is the case in conventional tobacco products. There are different ways in which this can be achieved, but all use tobacco to produce or flavour vapour.

While current categories capture tobacco designed for smoking—apart from chewing tobacco, which is clearly quite distinct—they do not specifically capture heated tobacco products. At present, there are only a very small number of heated tobacco products on the market, which Her Majesty's Revenue and Customs assesses on a case-by-case basis to determine their liability to tobacco products duty. That will not be efficient in the long term if the market grows, particularly if the number of products increases substantially.

Having a clear definition that captures the full range of heated tobacco will also mean that there is less scope for manufacturers to attempt to reduce their duty liability by producing products that do not clearly fall within an existing category. The statutory instrument therefore inserts a description of tobacco for heating into the 2003 order, which is necessary for the new duty category to take effect. This change is designed to maintain the effectiveness of our long-established tobacco regime.

The Finance Act 2019 created a new duty category—tobacco for heating—with a commencement date of 1 July 2019. Failure to provide a legal description of tobacco for heating will mean that the new duty category cannot commence as announced. Subject to approval of this order, the new category and rate will be switched on from 1 July 2019. I therefore commend the order to the Committee.

4.32 pm

Peter Dowd (Bootle) (Lab): The Opposition will not oppose the order, but I have to reaffirm some of the points we made during the passage of the Finance Bill.

This is, quite simply, the Government extending the tax regime to take these products on board. Questions about the health implications of these products are not proven one way or the other, and I do not particularly want to go into them today. However, it would be interesting to find out how much this change is projected to raise over the years. I do not think I saw those projections anywhere; it would be helpful to know what they are.

I also ask for the Minister's view on the fact that tobacco revenue will start to go down, given the significant numbers of people engaged in smoking cessation campaigns. In fact, the last Labour Government put significant amounts into smoking cessation campaigns—I chaired a health trust at the time, and we put additional money into that—which brought down the number of people who smoke. In the light of that and of the general push—by all Governments, I have to say—to reduce smoking rates, the Government will have to start considering the implications of the reduction in revenue, relatively speaking, that will come from tobacco products as the years go by.

On a very minor point, my grandmother used snuff for God knows how many years—decades—but the order does not refer to snuff. Perhaps the Minister could put that right. That aside, there are two key points: the first is the revenue implications, and the second is the consideration of future revenue as a result of smoking cessation programmes.

4.34 pm

Robert Jenrick: I am grateful to the hon. Gentleman for supporting this measure. As I said, it is a simple measure, which puts on the statute book the definition that is required under the Finance Act 2019.

The amount of revenue at stake is negligible—less than £5 million per year. That is partly because there is only one known product on the market at the moment. Of course, should this take off as a new form of smoking, there will more revenue at stake; at the moment, we think it will be only a small amount. Our primary motivation here is providing clarity to taxpayers, rather than raising significant amounts of money.

On the future revenue stream from tobacco, the hon. Gentleman is right to say that, should smoking continue to decline, which is a good thing, the revenue stream will start to decline. We monitor that closely, and the Exchequer always has new and novel ways of raising money to meet the shortfall in the future, should it have to.

In terms of snuff, I am looking to my officials—*[Interruption.]* That is disappointing. I was looking to my officials to see whether they knew the answer, but I will have to write to the hon. Gentleman.

Peter Dowd: Snuff is not a heated product—not, I suspect until it gets up your nose, but that is by the bye. I do not want any response, formally or informally, from the Minister on that.

Robert Jenrick: I am grateful for that. I commend the order to the Committee.

Question put and agreed to.

4.36 pm

Committee rose.