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Tender

HMRC Vaping Duty Stamps Scheme

HM Revenue & Customs

UK4: Tender notice - Procurement Act 2023 - [view information about notice types](#)

Notice identifier: 2025/S 000-044009

Procurement identifier (OCID): ocds-h6vhtk-0545bc ([view related notices](#))

Published 29 July 2025, 4:48pm

Scope

Reference

SR2327849201

Description

At Autumn Budget 2024, the Government confirmed Vaping Products Duty (VPD) would be introduced from 1 October 2026. Following further technical consultation, the Government announced a Vaping Duty Stamps Scheme (VDS) to be implemented alongside the VPD.

The response to the consultation is available on GOV.UK.

HM Revenue & Customs (HMRC) will conduct a competitive flexible procurement exercise to appoint a Vaping Duty Stamp supplier via a concession contract.

The duration of the contract will be 5 years with an optional one (1) year extension period at the sole discretion of the Authority. The estimated total contract value (inclusive of any options) is £32 million (excluding VAT). This value has been calculated based on the indicative volumes provided within the Specification and using existing information on

stamp duty costs, including engagement with International Tax Stamp Association (ITSA). The Authority anticipates that a third of the contract value is associated with delivery charges, which are a non-profitable element of the contract. This assumption is based on average delivery costs of UK postal providers, for National, European and International mail.

The Supplier will support the implementation of the Vaping Duty Stamp (VDS) Scheme. Under the scheme, businesses will purchase duty stamps directly from the appointed Supplier.

The stamp will be a physical product incorporating digital features for traceability and authentication and will also capture data; including information about the manufacturer or business who affixes the stamp, product details and product journey through the supply chain.

The scheme will be managed by the appointed Supplier, who will be responsible for production and supply, as well as providing the system for businesses to order, make payment, manage their stamps and collect data for HMRC relating to vaping products and the journey through the supply chain.

The stamp must be applied before the product is released for consumption, and associated data will be recorded in the Supplier's system.

Businesses must register with HMRC to participate in the VDS scheme. Registration opens on 1 April 2026, and once approved, businesses will be eligible to purchase duty stamps from the appointed Supplier.

Total value (estimated)

- £32,000,000 excluding VAT
- £38,400,000 including VAT

Above the relevant threshold

Contract dates (estimated)

- 15 January 2026 to 14 January 2031

- Possible extension to 14 January 2032
- 6 years

Description of possible extension:

The duration of the contract will be 5-years with an optional 1-year extension period at the sole discretion of the Authority.

Options

The right to additional purchases while the contract is valid.

The following optional services have been identified, allowing HMRC to adapt the system as policy or operational needs evolve, anticipating future developments in compliance, enforcement or technology;

- Decoupling Digital Elements from the Physical Stamp; To support innovation in digital compliance.
- Expansion of Scanning Events; To enhance traceability, support enforcement and improve data across the supply chain.
- Reporting; New or modified reports accessible via the graphical interface.
- Alerts; New or modified alerts triggered by changes to HMRC defined 'events of interest'.

Optional services are defined as services that are not part of the core deliverables and will only be implemented at HMRC' s discretion, subject to the appropriate contract modification process, and in-line with Procurement Act 2023.

Main procurement category

Services

CPV classifications

- 22400000 - Stamps, cheque forms, banknotes, stock certificates, trade advertising material, catalogues and manuals
- 79823000 - Printing and delivery services

Contract locations

- UK - United Kingdom

Participation

Legal and financial capacity conditions of participation

Assessment of Financial Capacity

Suppliers will be assessed against financial metrics to assess the suppliers financial capacity to perform the contract.

Where the Authority assessed a Supplier to be 'high risk' against any of the Metrics (as detailed in Appendix II of the Cabinet Office Guidance on 'Assessing and Monitoring the Economic and Financial Standing of Suppliers'), the Authority shall request an explanation from the Supplier to seek to understand the risk mitigation in place.

The Authority shall undertake a financial viability assessment against the following metrics;

1 Turnover Ratio - Assesses whether winning the contract could have a material impact on the organisation that it might struggle to deliver the contract (Metric 1) .

2 Operating Margin - Measures what proportion of revenues remain after deducting operating expenses (Metric 2) .

3 Net Debt to EBITDA Ratio - Shows how many years it would take to repay net debt if EBITDA remained constant and was used in full to repay financial debt (Metric 3(B)).

4 Acid Ratio - A liquidity ratio which measures an organisation's ability to use cash and other assets it can quickly translate into cash to meet short term liabilities falling due (Metric 6).

To assess Suppliers against these metrics, the Authority will undertake due diligence on your documentary evidence of economic and financial standing normally provided through your accounts filed with Companies House where applicable.

Where these are not available, you may submit one or more of the following to demonstrate your economic and financial standing; including but not limited to:

- Details of annual company turnover and the applicable financial year based on your latest filed accounts;
- Financial Statements or extracts from Financial Statements;
- Statement of overall turnover, and where appropriate of turnover in the areas covered by the contract for a maximum of the last three (3) financial years available;
- Any other appropriate statements from banks, management accounts etc.

Where the Authority assessed a Supplier to be 'high risk' against any of the Metrics (full details of the metrics are provided within the Procurement Specific Questionnaire (PSQ)), the Authority shall request an explanation from the Supplier to seek to understand the risk mitigation in place.

Technical ability conditions of participation

Technical Ability:

Suppliers are required to provide up to 3 contract examples that demonstrate experience of delivering similar contracts, or where this is not possible (e.g. your organisation is a new start up, or you have provided services in the past but not under a contract) you may provide a 500 word statement providing an explanation for this and how you meet the Conditions of Participation relating to technical ability.

HMRC reserves the right to contact the clients named in the case studies to validate the information provided. Failure to provide any or all of the information requested for each case study may result in your tender being rejected.

It will be at HMRC's discretion to determine whether the contract examples demonstrate a

suitable level of experience and ability to deliver the contract envisaged from this procurement exercise. A Supplier's tender will be rejected where HMRC deem the contract examples do not demonstrate a sufficient level of experience and ability.

Demonstration of Technical Ability:

Suppliers are required to demonstrate their technical experience and ability of delivering similar requirements to those set out in the Specification.

Suppliers are required to provide a response to each of the questions below, in no more than 500 words per question:

1 Details of your experience and / or capability of secure production and distribution of physical secure products;

2 Details of your experience and / or capability of delivering a digital platform for the purposes of user / business registration, ordering and data capture;

3 Details of your experience and / or capability of delivering a secure, high volume data repository with real time access and reporting capabilities.

Responses will be scored in accordance with the methodology outlined within Section 12.7 of the 'Invitation to Participate' Document.

Suppliers must score a minimum of 60 in every question to progress. Suppliers who do not achieve the minimum score of 60 in every question will be excluded and will not be invited to the next stage of the process.

Submission

Enquiry deadline

5 August 2025, 11:59pm

Submission type

Requests to participate

Deadline for requests to participate

12 August 2025, 2:00pm

Submission address and any special instructions

Suppliers who wish to participate in public procurements are required to register on the Government's Central Digital Platform (CDP). Suppliers can submit their core supplier information and, where a procurement opportunity arises, share this information with HMRC via the CDP. It is free to use and will mean you should no longer have to re-enter your core supplier information for each public procurement, but simply ensure it is up to date and subsequently share as needed. The CDP is available at <https://www.gov.uk/find-tender>.

This procurement will be conducted by way of an e-Sourcing event using HMRC's SAP Ariba e-Sourcing portal. You must ensure you are registered with the e-Sourcing portal to gain access to the procurement documentation when it is released, which will contain full details of the requirement.

If you are not already registered, the registration link is;

<http://hmrc.sourcing-eu.ariba.com/ad/selfRegistration>

As part of the registration process you will receive a system generated email asking you to activate your SAP Ariba supplier account by verifying your email address. Once you have completed the activation process you will receive a further email confirming the 'registration process is now complete' and providing you with 'your organisation's account ID' number. If an email response from HMRC is not received within one working day of your request, please re-contact; sapariba.hmrcsupport@hmrc.gov.uk (after first checking your spam in-box) notifying them of non-receipt and confirming the date when your registration request was first made.

Once you have obtained 'your organisation's account ID' number, please email louise.atkinson2@hmrc.gov.uk and hazikah.ahmed@hmrc.gov.uk and copy in e.procurement@hmrc.gov.uk with the following information:

- Contract title and Reference

- Your organisation's HMRC SAP Ariba account ID
- Your organisation name
- Your name
- Your email address
- Your telephone number

Once you have complied with the above, you will receive an email confirming access to the procurement event once it is built.

Additionally, should HMRC have any questions for interested Suppliers prior to the event being published (in terms of market engagement and requirement development), the above provided contact details will be used.

Further information about HMRC's procurement tool SAP Ariba, a suppliers guide and general information about supplying to HMRC is available on the HMRC website:
www.hmrc.gov.uk/about/supplying.htm

If you have already registered on SAP Ariba then you may also need to re-register on HMRC's SAP Ariba to be added to this event.

Tenders may be submitted electronically

Yes

Languages that may be used for submission

English

Award decision date (estimated)

2 January 2026

Award criteria

Name	Description	Type	Weighting
IT Solution		Quality	22%
Cost	<p>Suppliers will be invited to participate in a Demonstration. This stage is designed to assess the practical functionality, usability and compliance of the proposed solution, against the requirements detailed in the Specification. Suppliers' demonstrations must align to the solution detailed within the responses to the Award Questionnaire. The demonstration forms part of the evaluation process and will contribute 15% of the overall quality score.</p>	Cost	20%

Name	Description	Type	Weighting
Supplier Demonstration	Suppliers will be invited to participate in a Demonstration. This stage is designed to assess the practical functionality, usability and compliance of the proposed solution, against the requirements detailed in the Specification. Suppliers' demonstrations must align to the solution detailed within the responses to the Award Questionnaire. The demonstration forms part of the evaluation process and will contribute 15% of the overall quality score.	Quality	15%
Physical Stamp		Quality	12%
Social Value		Quality	10%
Mobilisation of the Contract		Quality	9%
Service Delivery		Quality	4%
Added Value		Quality	4%
Relationship Management		Quality	4%

Other information

Description of risks to contract performance

Known Unknown Risks: These are risks that a contracting authority can identify upfront prior to commencing a procurement process, but where the likelihood of that risk materialising, or the impact if it did materialise, are not quantifiable.

i. Risk: Unauthorised creation, duplication, or manipulation of Duty Stamps or their digital elements, which could enable illicit trade, duty evasion or undermine the integrity of the Vaping Duty (VDS) Scheme. Includes both physical and digital elements that could be exploited by fraudulent actors.

ii. Risk: Global Supply Chain Delivery / Shipping. Potential disruption, delay or failure in the timely, secure and accurate delivery of the physical duty stamps across domestic and international supply chains.

iii. Risk: Cyber Attack. Potential for malicious digital actions that compromise the confidentiality, integrity or availability of the VDS System.

Conflicts assessment prepared/revised

Yes

Procedure

Procedure type

Competitive flexible procedure

Special regime

Concession

Competitive flexible procedure description

Further to the publication of the Planned Procurement Notice and undertaking Preliminary Market Engagement, HMRC is conducting this procurement process via a Competitive Flexible Procedure in accordance with the requirements of the Procurement Act 2023.

The stages of this Competitive Flexible Procedure are as follows;

- Stage 1 Invitation to Participate (ITP): Suppliers must meet the Conditions of Participation in order to proceed to Stage 2 of the process. There is no limit to the numbers of Suppliers who can proceed to Stage 2. Any Supplier who fails to meet these conditions will be excluded from participating in the process and will not be invited to Stage 2.
- Stage 2 Invitation to Dialogue (ITPD): Suppliers successful at Stage 1 are invited to participate in dialogue sessions to develop the requirements and contractual terms for the scheme.
- Stage 3 Invitation to Tender (ITT): Suppliers who have participated in dialogue are invited to submit tenders detailing their proposed solution.
- Stage 4 Demonstration: Suppliers who have submitted compliant tenders will be invited to a Demonstration session to enable the Authority to test and verify that the requirements and proposed solution can be delivered.
- Stage 5 Preferred Supplier Stage (optional): The supplier who has been identified as offering the Most Advantageous Tender (MAT) maybe invited to engage in further discussion. This stage will be used to conduct any further due diligence as required, to confirm that commitments made can be satisfied, and to finalise the draft Contract terms and conditions, in accordance with the limitations set out in the Procurement Act 2023.

The Award Criteria provided is indicative at this stage and further details will be provided within the Invitation to Tender (ITT). The Authority may refine award criteria as part of this Competitive Flexible procedure in accordance with Section 24 of the Procurement Act 2023.

Contracting authority

HM Revenue & Customs

- Public Procurement Organisation Number: PVMW-8599-JZNJ

100 Parliament Street

London

SW1A 2BQ

United Kingdom

Contact name: Louise Atkinson

Email: louise.atkinson2@hmrc.gov.uk

Region: UKI32 - Westminster

Organisation type: Public authority - central government