

Lesson Nr. 1: Don't Fall Tax Blog

Taxation of Vapes/e-cigarettes as per 1 October 2024

Starting on 1 October 2024, vapes and e-cigarettes are included under tobacco tax regulations as substitute products and are subject to tobacco tax.

The new regulations will apply to both nicotine-containing and nicotine-free e-liquids. Notably, disposable e-cigarettes will be taxed at a higher rate compared to refillable ones.

Already on October 26, 2022, the Federal Council approved a proposal to amend the Federal Act on Tobacco Taxation bringing vapes and e-cigarettes under its purview as substitute products. Although these changes were initially planned for January 2024, their implementation has been delayed until now.

Tax rates

The following tax rates will apply to e-cigarettes:

- **Nicotine-containing liquids for refillable e-cigarettes:** CHF 0.20 per millilitre.
- **Disposable single-use e-cigarettes (both nicotine and non-nicotine variants):** CHF 1.00 per millilitre.

The lower tax rate on refillable e-cigarettes is aimed at encouraging their use as a tool to quit smoking. On the other hand, the higher tax on disposable e-cigarettes is designed to discourage their consumption, particularly among young people.

Tax liability

The tax Liability arises as follows:

- Commercially manufactured, ready-to-use tobacco products and substitute products produced in Switzerland:
 - **Taxpayer:** The manufacturer of the tobacco products.
 - **When liability arises:** The tax is due when the products are packaged for delivery to consumers.
- Domestically produced cigarette papers:
 - **Taxpayer:** The manufacturer of the tobacco products.
 - **When liability arises:** The tax is due when the products are packaged for delivery to consumers.
- Imported ready-to-use tobacco products and substitute products:
 - **Taxpayer:** The customs debtor.
 - **When liability arises:** The tax is due upon the product's release for free circulation.
- Imported cigarette papers:
 - **Taxpayer:** The customs debtor.
 - **When liability arises:** The tax is due upon the product's release for free circulation.

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Substitute products subject to tobacco tax:

Substitute products subject to the tobacco tax typically include items that:

- Contain little to no tobacco.
- Are used similarly to tobacco or tobacco products, even if they do not need to be lit for consumption.

These products include:

- Electronic cigarettes that operate via vaporizer or atomizer technology, along with their components.
- Smoking cessation products that are registered with Swissmedic.

Note: Cannabis products without tobacco content are not classified as substitute products and therefore are not subject to tobacco taxation.

Regarding the tobacco tax in general

In Switzerland, tobacco taxes are imposed on the consumption of tobacco products, with the Federal Office for Customs and Border Security (FOCBS) managing the tax collection process. The tax serves two primary objectives:

1. **Revenue Generation:** The tax helps fund public programs, including the federal portion of AHV/IV, by using revenue from tobacco taxes, duties, and spirits taxation.
2. **Behavioral Incentive:** It is designed to influence consumer behavior, particularly by reducing tobacco consumption. Recent changes focusing on e-cigarettes (vapes) have further highlighted this characteristic.

For additional information, you can refer to the following resources:

Tobacco tax is regulated in the Federal Act on Tobacco Taxation ([TTA](#)) and the corresponding Ordinance ([TTO](#))

Detailed information published by the [FOCBS](#)

Homepage of the [FOCBS](#)

Prior [Newsletter](#)