

Warehouse Compliance Solution

HMRC Vaping Products Duty (VPD)

A Microsoft Dynamics 365 warehouse and compliance solution for businesses preparing for HMRC's Vaping Products Duty (VPD) and Duty Stamps Scheme (VDS), effective 1 October 2026.



1. The Regulatory Challenge

The Next Phase of HMRC Compliance Starts Here

From 1 October 2026, HMRC's Vaping Products Duty (VPD) will apply to all vaping liquids sold in the UK, regardless of whether they contain nicotine.

At the same time, the Vaping Duty Stamps Scheme (VDS) will require every retail vaping product to carry an HMRC-approved duty stamp. The stamp must be verified by scanning at Goods In and Goods Out to confirm that the applicable duty has been paid.

Date	Milestone
1 April 2026	HMRC application window opens for VPD approval
1 September 2026	Digital duty stamps become available for procurement
1 October 2026	VPD goes live; mandatory scanning required at Goods In and Goods Out
1 April 2027	Grace period ends; full enforcement of duty stamp requirements

2. The Solution

Devsinc's answer is a single Microsoft Dynamics 365 Supply Chain Management Advanced Warehouse Management System (AWMS), configured to build VPD and VDS compliance into everyday warehouse operations from day one, rather than bolting a separate scanning tool onto an existing process.

Because duty stamp validation, aggregation, and reporting live natively inside the same warehouse execution engine that already drives receiving, putaway, picking, and shipping, warehouse teams work in one system and one set of screens. There is no reconciliation between a compliance add-on and the operational system of record.

This approach gives businesses a warehouse solution that is compliant by design: every scan, movement, and exception is captured as part of the standard transaction flow, generating the audit trail and reporting data HMRC requires without adding manual steps for operators.

3. Solution Capability Mapping

Ref	Solution Requirement	HMRC Relevance
FGA-01	Scan-to-screen validation	Confirms every duty-stamped item is verified at the point of handling, satisfying mandatory scanning rules.
FGA-02	FEFO batch enforcement	Ensures duty-stamped stock rotates first-expiry-first-out, avoiding stranded or lapsed stamped inventory.
FGA-03	Packing aggregation	Links individual stamped units to their pack, case, and pallet identifiers as required by the aggregation rules.
FGA-04	Batch separation	Keeps stamped and unstamped or transitional-stamp batches physically and systemically distinct.
FGA-05	Guided routing	Directs operators through the correct scanning and put-away sequence for compliant handling.
FGA-06	Exception messaging	Flags missing, duplicate, or invalid stamps immediately at the workstation, before goods move further.
FGA-07	Short-pick handling	Preserves stamp-level traceability when an order is fulfilled from a partial case or pallet.
FGA-08	Cycle counting	Reconciles stamped stock on hand against system records to catch discrepancies before they become reportable losses.
FGA-09	HMRC API integration	Submits scan and movement data directly to HMRC's reporting endpoints in the required format.
FGA-10	Stock movement records	Maintains a complete, timestamped history of every stamped item's movement through the warehouse.
FGA-11	Duty stamp capture	Records the unique stamp ID against the item and transaction at every scan point.
FGA-12	Parent-child aggregate storage	Stores the full aggregate hierarchy so any pallet, case, or pack can be traced back to its constituent stamps.

4. Duty Stamp Scanning Capability

- ✓ Scanning duty stamps at both Goods In and Goods Out to verify presence and validity.
- ✓ Capturing each unique stamp ID at every transaction point for end-to-end traceability.
- ✓ Recognising transitional stamps issued during the phased rollout.
- ✓ Uploading scan data on a scheduled basis to HMRC-compliant reporting channels.

5. Aggregation

The solution maintains aggregate codes that link stamped items across every level of packaging, so any unit can be traced back through its full container hierarchy.

PACK / CASE / PALLET

Aggregate codes link individual duty-stamped items up through case and box-level bulk storage and movement, to pallet-level codes for outbound consignment tracking.

6. Record Keeping

- ✓ A full audit trail of stamp scans, stock movements, and exceptions.
- ✓ Monthly VPD return data compiled automatically from warehouse transactions.
- ✓ Structured reporting of lost, damaged, or unreadable duty stamps.

7. Duty Control Points

7.1 Goods In

Every inbound consignment of vaping products is scanned at Goods In to confirm each duty stamp is present, valid, and correctly linked to its aggregate packaging. Discrepancies are flagged before stock is put away, so unstamped or invalid inventory never enters saleable stock without visibility.

7.2 Goods Out

Outbound orders are scanned again at Goods Out, confirming that every stamped item leaving the warehouse is accounted for and correctly recorded against the customer consignment. This closes the loop between what was received, stored, and shipped.

HMRC Note — Goods Out and Vaping Products Duty

Duty on vaping products becomes payable at the point goods are released for consumption in the UK, typically when stock leaves a registered premises as Goods Out. Accurate, real-time Goods Out scanning is therefore central to correct and timely duty declaration.

8. Exception Handling

When a duty stamp cannot be read, is missing, or fails validation, the affected item is automatically routed to a quarantine location rather than continuing through the standard warehouse flow. Quarantined stock is held separately until it has been reviewed, re-scanned, or reported, so compliance issues are contained before they reach outbound orders.

9. Next Steps

- 1 Assess current ERP/WMS capability against VPD and Duty Stamp Scheme requirements.
- 2 Confirm the HMRC API specification for scan and movement data submission.
- 3 Complete the VPD approval application at least 45 days before go-live.
- 4 Deploy the AWMS solution ahead of 1 October 2026 to allow time for testing and training.

Talk to Devsinc for a clear, no-obligation assessment of where your current systems stand against VPD and Duty Stamp requirements.

Get in touch →

BY THE NUMBERS

15+

Years of Experience

3,000+

Successful Projects
Delivered

230+

Active Clients

23

Countries

About Devsinc

Devsinc is a global technology partner partnering with enterprises across North America, the UAE, and the wider MENA region to build, scale, and transform through enterprise application engineering, AI and data solutions, technology advisory, product development, and digital transformation.

With over 15 years of experience, more than 3,000 successful projects delivered, and over 230 active clients across 23 countries, we combine proven execution with deep technical expertise. As a certified Microsoft Dynamics 365 partner with deep ERP and warehouse management expertise, alongside Salesforce and Shopify Plus credentials, we bring platform excellence together with world class engineering talent while taking an AI centric approach to every engagement, helping enterprises identify where AI can create meaningful business value and develop the systems needed to realise it. Our aim continues to be helping more enterprises grow further and faster, with AI at the core of that journey.

Let's Talk