The stamp duty change means anyone who wants to buy a house above the £2 million threshold will now have to pay at lease £140,000 in tax on the transaction. The move closes a tax loophole where people were buying companies through offshore firms to avoid paying stamp duty.

The Chancellor said he would consult on whether people who have already bought homes worth more than £2 million through companies will have to pay a new annual levy. People who buy properties through companies will in future have to pay a stamp duty land charge tax of 15 per cent.

Those who buy properties through overseas companies will have to pay capital gains tax. It will also make it less attractive for people seeking to avoid inheritance tax of 40 per cent by putting their property into overseas ownership.

Budget 2012

Stamp duty land tax avoidance on the purchase of expensive homes

Stamp duty land tax paid on UK properties sold for more than £2m will rise to 7% from 5% – from £100,000 to £140,000 – George Osborne said in his Budget 2012 speech.

He outlined how stamp duty avoidance on the purchase of expensive homes has been rife for well over a year and that Treasury would no longer tolerate a group of super-rich buyers who routinely dodge the charge by making their property purchase through an overseas company rather than in their own name.

"If you buy a property in Britain that is used for residential purposes, then we will expect stamp duty to be paid," he said. "I will not hesitate to move swiftly without notice and retrospectively if inappropriate ways around these new rules are found."

A major source of abuse

Mr Osborne added: "A major source of abuse – and one that rouses the anger of many of our citizens – is the way some people avoid the stamp duty land tax that the rest of the population pays, including by using companies to buy expensive residential property. I have given plenty of public warnings that this abuse should stop.

Now I'm taking action. I am increasing the stamp duty land tax charge applied to residential properties over £2m brought into a corporate envelope. The charge will be 15%. And it will take effect immediately."

A large annual charge

Anyone that transfers a house worth over £2m into a company in the future will pay 15% stamp duty land tax.

For those homes worth over £2m that are already in companies, there is the promise of "a large annual charge" (to be consulted on) and a capital gains tax charge if they are sold out of the company after April 2013.

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Budget 2012

Pensioners will receive a flat-rate state pension from 2016

Presenting his Budget statement, Chancellor George Osborne said: "Over time we will simplify the tax system for pensioners by doing away with the complexity of the additional age-related allowances for anyone reaching the age of 65 on or after 6 April 2013 and I will freeze the cash value of the allowance for existing pensioners until it aligns with the personal allowance.

"We want to simplify the Basic State Pension and its interaction with the second state pension. So I can confirm that we will introduce a new single tier pension for future pensioners, set above the means test. This is currently estimated at around £140. It will be based on contributions. And it will cost no more than the current system in any year. We will bring forward further details later this spring."

The complexities of the upcoming automatic enrolment process meant that alongside the existing state pension setup, some employees enrolling into a workplace pension scheme would actually have found themselves penalised financially when they reached retirement – a wholly unattractive prospect.

The Chancellor Mr Osborne confirmed during his Budget 2012 speech a pledge to combine the two state pensions into one simplified pension, as well as increasing the state pension age automatically in line with rises in longevity.

The full Basic State Pension is currently £102.15 a week, rising to £107.45 from April this year. Pensioners will receive a flat-rate state pension, initially it is estimated that it will be worth about £140 a week for those with a 30-year national insurance record, from 2016.

Long-awaited change

The government says the long-awaited change, which will see the current basic state pension and second state pension (S2P, formerly known as Serps) replaced by a single scheme, will cost no more than the existing state pension system.

Small or no contributions

This means that while those on low incomes who have made small or no contributions to S2P will benefit from a higher pension than they could currently expect, people who earn higher salaries may lose out. The current full basic state pension is £102.15 a week (rising to £107.45 from April 2012), but those at the top end of the salary scale can expect up to £180 a week in combined pension payments.

Retiring after implementation

The flat rate pension will only apply to those retiring after implementation. Pensioners already receiving the state pension will not move onto the new scheme.

Mr Osborne also announced that an automatic review of the state pension age (SPA) would be introduced to take account of increases in longevity. Details of how this will be done will be published alongside the Office for Budget Responsibility fiscal sustainability report.

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Budget 2012

The key announcements from the Chancellor's Budget speech

The UK deficit

- Deficit expected to fall – state was borrowing 1 in 4 of every pound it spends
- Deficit is falling and forecast to reach 7.6% this year
- On course for debt reduction by 2016/17
- Government is borrowing at cheapest prices than at any time in 400 years
- Borrowing this year is to come in at £126 billion

Employment

- OBR forecasts unemployment to peak this year at 8.7% before falling each year to 6.3% by 2016/17
- One million new jobs will be created in the next 5 years
- Exploring idea of enterprise loans for young people to start own businesses

Economy

- The Chancellor, Mr Osborne said he would deliver a "strategy where financial services are strong but not the only backbone to the economy"
- He cited key risks to economy as UK exports to eurozone and high oil prices
- Office of Budget Responsibility (OBR) expects the British economy to avoid a technical recession
- Inflation expected to fall to 1.9% next year
- Growth forecast 2% next year, 2.7% in 2014, 3% in 2015/16
- Gold holdings have risen to £11 billion

Taxation

- The additional rate of tax has been reduced from 50% to 45% from April 2013
- Higher rate tax band frozen at £42,475, reducing the basic rate tax band from £35,000 to £34,370
- Tax-free allowance band rises to £9,205 in April 2013
- From April 2012 corporation tax will fall to 24%, in 2014 it will be 22
- New cap on tax reliefs set at 25% of total income for anyone claiming more than £50,000 in a year, but no significant change to pensions relief
- Age-related allowances for the 65s and over will increase from £9,940 to £10,500
- Age-related allowances will eventually be withdrawn once the rates align with the personal allowance
- From 2014 taxpayers will receive personal statements, detailing what they have paid and where the money is going
- A general anti-evasion law to come into place

Pensions

- Automatic review of state pension age to ensure it keeps pace with increasing life spans
- Self-assessment forms for pensioners scrapped
- New single-tier state pension for future pensioners to be set at about £140 and based on contributions
- £5.30 increase in state pension

Benefits

- Child benefit – will only be withdrawn when someone in the household has more than £50,000 income, and will be withdrawn slowly – keeping some benefits

Budget 2012

The key announcements from the Chancellor's Budget speech (cont...)

Transport

- Above-inflation full rises will only come into place if oil is $75 or higher
- No changes on fuel
- Vehicle excise frozen for hauliers

Technology

- UK to become "Europe's technology centre" – starting with digital.
- £50 million will be made available for broadband in smaller cities - plans to have 90% with access to super-speed broadband, funding ultra-fast in 10 UK cities

Property

- New stamp duty of 7% on residential properties worth £2 million or more
- Extra funding to help construction firms building new homes
- Residential properties worth £2 million or more bought via a company will attract stamp duty of 15%

- People with income of £60,000 or more will not receive any child benefit

Energy

- £3 billion new field allowance in oil and gas in North Sea along with £3 billion new field allowance west of Shetland
- Carbon reduction commitment - will seek major savings in costs borne by businesses or replace with different tax

Financial Services

- Bank levy to be increased to 0.105% from January 2013 "to ensure that corporation tax cuts do not benefit the banks

Military

- Government spending lower than expected in Afghanistan - the cost of operations is £2.4 billion lower over this parliament
- Doubling rate of council tax relief for military families
- There will be an extra £100 million to improve accommodation for the armed forces families

Public sector

- Information to be published on a case for regional public sector pay. Option for government departments to move to regional pay structures for civil servants when current freeze ends

Business

- Simpler tax system for businesses to navigate
- Simplified tax system for small firms with a turnover of up to £77,000
- Mid-cap businesses fund increased by 20%
- Enterprise finance guarantee to be expanded
- £70 million development fund to attract new businesses and new jobs
- Tax credits for television programming, games industry and animation
- Enhanced capital allowances for businesses setting up in new Scottish enterprise zones in Dundee, Irvine and Nigg - a Welsh enterprise zone to be created in Deeside
- Government support for £150 million of tax increment financing to help councils promote development and an extra £270 million for the Growing Places fund

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Budget 2012

Who can expect to be 'better' off following George Osborne's Budget speech?

Parents in households where one earns £30,000 will be about £440 better off – until deductions for increases in fuel, cigarettes and alcohol are taken into account. Households with no children and a combined salary of £60,000 will be more than £340 a year better off.

Changes to personal tax allowances should give many workers at least an extra £96 next year – unless they are higher-earners on more than £41,450 and will soon find themselves in the 40 per cent tax bracket.

Changes to personal tax allowances should give many workers at least an extra £96 next year – unless they are higher-earners on more than £41,450 and will soon find themselves in the 40 per cent tax bracket.

Parents, low and middle earners, and council tax bills came out better off in Chancellor George Osborne's 2012 Budget.

Low and middle earners

The personal allowance – the first tier of earnings on which no tax is due – is to rise next year from £7,475 to £9,205, an increase of more than £1,000. Millions could be more than £200 a year better off.

The centre piece of the Budget, the move will cut the tax bills for anyone earning less than £100,000 and will potentially lift two million people out of paying tax. The tax-free allowance is set rise again to £10,000 in April 2014 – saving most taxpayers another £250 annually. This is a year earlier than planned.

High earners

The top rate of tax will be cut from 50p to 45p in the pound from April 2013. This is paid by people earning more than £150,000. The Chancellor said that a rate of 50p had not made a huge difference to the tax take.

Parents

Plans to end child benefit for higher-rate taxpayers have been watered down. The Chancellor said he wanted to avoid a cliff edge – so instead of withdrawing it all at once, the benefit will start to be withdrawn only when an earner brings in more than £50,000 a year, rather than at about £42,000, and it will be withdrawn gradually – 1% of benefit for every £100 earned over £50,000. As a result, an extra 750,000 people will keep some or all of this benefit; only those earning more than £60,000 will lose it altogether.

Tax statement

From 2014 taxpayers will get a personal tax statement detailing how much of their tax bill goes to pay for services such as health care and education.

Council tax

85% of local authorities will be freezing or reducing their council tax next year.

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Budget 2012

Who can expect to be 'worse' off following George Osborne's Budget speech?

Pensioners are perhaps the biggest losers because the age-related allowance will no longer increase with inflation and it is to be phased out for people who receive 65 after 1948. Pensioners will pay slightly more tax as a result of this Budget. The Treasury admits that pensioners will now be £80 a year worse off.

The stamp duty holiday, which covered all properties up to £250,000, expired on Saturday 24 March. The ceiling for exemptions has also been lowered to £125,000. Some analysts had thought Mr Osborne might extend the 'fairly cheap' exemption, which cost Treasury an estimated £300 million.

The Chancellor has made some concessions to previous plans on child benefit. Families with one higher rate taxpayer earning above £60,000 with three or more children will be the biggest losers from this measure.

Wealthy property buyers, drinkers, smokers and pensioners have been targeted in Budget 2012.

Pensioners

The Chancellor George Osborne insisted that nobody would lose any money, but inflation means some pensioners will see their household budgets squeezed in future years. More than four million people will be £83 worse off by 2014, while 360,000 people aged 65 will lose £285.

At the moment, around five million people over the age of 65 pay income tax on their pensions and other earnings.

They are currently not taxed on at least the first £10,500 of their income. This will now be frozen in future years, saving the Treasury an estimated £360 million next year, £670 million in 2014, £1 billion in 2015 and £1.25 billion in 2016.

There will be a new stamp duty land tax rate of 7% on properties worth more than £2m, the Chancellor announced in the Budget. Previously the top rate was 5%. Unlike other taxes, stamp duty land tax is paid at the applicable rate on the whole price, not just the portion above the threshold for the highest rate.

Mr Osborne has also introduced a 15% Stamp Duty Land Tax charge on residential property held in company shelters.

Those earning more than £116,210

The Prudential has calculated that individuals with an income above £116,210 (2012/13) will have zero personal allowance and will lose £82 per year (£126 minus £44).

Drinkers

Alcohol duty rates increased at 2% above the Retail Prices Index.

Motorists

Fuel duty will rise by 3p a litre in August despite petrol prices rising to a record high, the Chancellor George Osborne, announced in the Budget.

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Budget 2012

Changes that could greatly affect the UK's small and medium-sized enterprises

Fuel duty

The Budget offered no reprieve for small firms struggling with the high price of petrol and diesel. Instead, fuel duty will continue to go up by 3p in August.

Corporation tax

The basic rate will now fall to 24% from April 2102, down from the current 26%. This change does not affect small firms, as those with profits not exceeding £300,000 a year already only have to pay 20%.

Patent box

Small firms which have patented a product will be able to benefit from the so-called Patent Box. Coming into effect from April 2013, the Patent Box is a reduced level of corporation tax on profits attributed to patents and similar types of intellectual property. As confirmed by the Chancellor, it will introduce a lower rate of 10%.Sectors likely to benefit most include pharmaceuticals and the software industry.

Tax simplifications

From April 2013, companies with sales of up to £77,000 per year will be allowed to change their accounting from the established accrual method to a cash basis. What this means is that firms will only have to pay tax on the amount of money they have actually received, rather than total orders, as under the current accrual-based system.

If successful, the Treasury will then consider expanding the change to firms with sales of up to £150,000 per year, which it estimates would mean more than three million firms being able to benefit.

George Osborne also confirmed that the government is to move ahead with plans to integrate income tax and national insurance, first announced in last year's Budget, so firms do not have to run two different payroll tax systems.

Youth enterprise loans

Under a one-year pilot scheme to be launched by March 2013, up to 7,000 young people aged between 18 and 24 will be able to apply to borrow between £5,000 and £10,000 to back their business idea.

Business rates

Business rates will go up by 5.6% from April 2012, as had previously been announced.

New loan scheme

The introduction of a new bank lending scheme - was announced a day before the Budget. Under the £20bn National Loan Guarantee Scheme (NLGS), SMEs will be able to access loans with interest rates one percentage point lower than those available outside the initiative. Barclays, Santander, Lloyds and Royal Bank of Scotland have so far signed up, and firms with an annual turnover of up to £50m will be able to participate.

The discounted loans are being made available because the government is to guarantee £20bn of the banks' own borrowing, thereby allowing the lenders to borrow more cheaply than they normally do.

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Budget 2012

A change in age-related personal allowances

Dubbed a "granny tax" on Twitter, the most significantly affected will be those who reach 65 just after April 2013. They will not receive the tax-free allowance they might have expected. They will get a personal allowance of £9,205. In contrast, someone who turns 65 just before April 2013 will get a personal allowance of £10,500.

The change in age-related personal allowances - the amount of income that is tax-free - will save the government £1bn by 2015. HM Revenue and Customs (HMRC) says this will bring an extra 230,000 into the income tax system. For many, this will mean having to fill out a self-assessment tax form every year.

It will mean that millions of people will not be as protected from tax as they expected to be - which will affect their financial planning as they approach retirement.

The Chancellor George Osborne announced a change in age-related personal allowances, the amount of income that is tax-free and is forecast to save the government £1bn by 2015. It will mean that millions of people will not be as protected from tax as they expected to be, which may affect their financial planning as they approach retirement.

Personal allowance

A personal allowance is the first slice of income that anyone earns that is tax-free. Any amount earned above this level is subject to tax at various bands. So, if you are aged under 65, the first £8,105 of your income will be tax-free from this April. This will change to the first £9,205 in the 2013/14 financial year.

If you are aged 65 to 74, then you get a bit more of an allowance. The first £10,500 is tax-free from April. If you are aged 75 and over, then the personal allowance is £10,660 from April.

Taxable income

However, this extra allowance is gradually withdrawn from those pensioners with a taxable income of between about £24,000 and about £29,000. So pensioners who earn more than this do not get the extra benefit.

And anyone with an income of more than £100,000 has all their personal allowance gradually withdrawn, regardless of age.

Significant measures

Mr Osborne announced two significant measures in the Budget. The first is that, while the personal allowance for the under 65s will go up again in April 2013, the allowance for those aged 65 and over will be frozen at the same levels as 2012/13.

Secondly, anyone who turns 65 after 5 April, 2013, will not get an extra allowance at all. They will benefit from the same personal allowance as the under-65s.

HM Revenue and Customs (HMRC) says this will bring an extra 230,000 into the income tax system. For many, this will mean having to fill out a self-assessment tax form every year.

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Budget 2012

Chancellor watered down child benefit plans to end the payment for higher earners

The Institute for Fiscal Studies reckons that the move will affect one in six parents – or a total of 1.2m families – and save the government £1bn a year.

A parent claiming child benefit for two children who earns £42,500 per annum will, under current proposals, lose their child benefit, giving an effective tax rate of 7,052% on the top £25 of income.

Tapered reductions

Mr Osborne received fierce criticism when he first announced the original plan, in 2010. In a compromise, this "cliff edge" has now been replaced with tapered reductions in child benefit, for those earning between £50,000 and £60,000. Anyone in a household with one earner on more than £60,000 will receive no benefit.

Under changes announced by the Chancellor George Osborne in his Budget speech, households with one person earning more than £50,000 a year will lose some of their child benefit.

Mr Osborne said it was important that "all sections of society must make a contribution to dealing with the deficit" and cautioned that the welfare budget needed to be cut back because social security would consume one-third of public spending if left unchecked.

Contribute more

Until now, child benefit has been universally paid to families of all backgrounds. But the government says people on "higher incomes" should "contribute more" in order to reduce the deficit.

Higher rate band

Instead of removing the benefit as soon as one parent fell into the higher rate band, Mr Osborne said the reduction would be tapered out once one parent earned £50,000 at a rate of 1% for every £100 earned over that threshold. Once one parent earned £60,000, a family would lose the benefit entirely.

Child benefit is currently paid to all households with children at a rate of £20.30 a week, or £1,055.60 a year for the oldest child, and £13.40 a week, or £696.80 a year, for each younger sibling. The benefit usually ends when a child reaches the age of 16.

Tax system

Those losing some or all of their benefits will have to pay back the amount through the tax system. The Chancellor said 90% of those families affected, or about 750,000 households, would continue to receive child benefit.

The change, which will be implemented from 7 January 2013, will see the benefit taken back as an income tax charge on the higher earner. HMRC will be contacting taxpayers affected by the changes in the autumn.

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Budget 2012

50p top tax rate to be cut to 45p from April 2013

HM Revenue and Customs found the direct cost difference between a 45p and 50p rate was "only £100m" a year – and might have raised nothing after adjusting for the loss of other tax receipts.

Mr Osborne told MPs that he made the decision to cut the top rate from April 2013 in order to encourage wealth creators to return to Britain. 'The 50p tax rate has caused massive distortions,' he said. 'Self-assessment receipts this year are below forecast by some £3.6billion.'

The Treasury said cutting the top rate all the way back down to 40p again would have cost another £600 million.

The Chancellor George Osborne confirmed during his Budget 2012 speech that the 50p top tax rate would be cut to 45p from April 2013. Those earning £150,000 or more have been subject to the 50% rate since April 2010, when it was brought in by the Labour government.

Massive distortions

Mr Osborne said that the 50p tax rate would only be justified if it raised a significant amount of money but evidence from the HM Revenue and Customs (HMRC) showed that the rate caused 'massive distortions.'

He said: 'HMRC find that an astonishing £16 billion of income was deliberately shifted into the previous tax year – at a cost to the taxpayer of £1 billion, something that the previous government's figures made no allowance for.'

Mr Osborne also argued that the increase to 50p in 2010 raised about a third of the £3 billion the government hoped it would raise, and cutting it to 45p would only cost the government £100 million.

Scrapped altogether

There are currently around 300,000 people in the UK who earn £150,000 or more; of those 14,000 earn over £1 million a year.

It was widely predicted the tax would be reduced from 50p to 45p rather than being scrapped altogether but senior officials refused to say if the 45p band for those earning over £150,000 will be merely 'temporary. '

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