



# Budget 2012

## Stamp duty land tax avoidance on the purchase of expensive homes

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The stamp duty change means anyone who wants to buy a house above the £2 million threshold will now have to pay at least £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.

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.

## GET IN TOUCH

To review the key issues that should be on your agenda following Budget 2012, please email or telephone us – and we’ll get in touch.