Budget 2011: Everything you need to know

INCOME TAX

Personal tax allowance will rise by a further £630 to £8,015 from April 2012. The Chancellor, George Osborne, said this represented "£326 extra each a year for those working hard."

Meanwhile, there will be a consultation on a long-term plan to merge National Insurance and income tax – creating a basic tax rate of 32%. Osborne promised the Treasury would not make pensioners liable for NI, although details on how this will work remain scarce.

The 50% top rate of tax will remain but Osborne pledged this is only a 'temporary' measure and said there would be a review of how much it raises.

PENSIONS

There is a long-term aim for a £140-per-week flat-rate state pension, although this will not apply to current pensioners. The single-tier system would end contracting-out for defined benefit (DB) schemes. Contracting-out has already been banned for defined contribution (DC) schemes from April 2012.

HOUSING

Government-backed shared equity schemes will help 10,000 first-time buyers (FTB) to purchase properties. Buyers will have to stump up a deposit worth 5%. The government and house-builders would put in a 10% deposit each, enabling the FTB to qualify for a 75% loan-to-value mortgage. For those earning less than £60,000, the equity loan will be interest-free for five years.

HELP FOR BUSINESS

Corporation tax is to be cut by 2% from April, not 1% as previously planned. The tax is to be cut by 1% in each of the next three years, reducing it to 23%.

A total of 43 tax reliefs, including a relief on life assurance premiums, are to be scrapped as part of a drive to simplify the tax code

George Osborne said there would be no new regulation on firms with fewer than 10 staff for three years

Meanwhile, a business rate relief holiday for small firms will be extended for another year, while a total of 21 'enterprise zones' will be created in England, backed by tax incentives.

"This Budget confronts the hard truth that has been ignored for too long. Britain has lost ground in the world's economy and needs to catch up."

OTHER TAXES AND ALLOWANCES

Council tax will be frozen or reduced for the remainder of 2011 in every English council.

Estates will benefit from a 10% discount in inheritance tax (IHT) if individuals leave part of the money to charity, though the cut translates to just a 4% reduction in the final bill (40% to 36%). IHT is currently charged at 40% on estates worth more than £325,000, the nil-rate band, following their owner's death.

Levy of up to £50,000 (previously £30,000) on so-called 'non-doms' resident in the UK for 12 years or more.

A clampdown on tax avoidance will raise as much as £1bn for the Treasury this year. The biggest measure involves a crackdown on 'disguised remuneration', which often involved highly-paid employees being offered tax-free, lifetime loans that were never repaid.

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