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'Stealth tax' for self-employed: Philip Hammond U-turns on tax cut, leaving 3.4 million worse off

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Philip Hammond CREDIT: SIMON DAWSON/ REUTERS

- [Anna Mikhailova](#), political correspondent

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The Chancellor has decided to scrap a tax break for 3.4million self-employed people, in a move that has been branded a "stealth tax".

Philip Hammond has announced he is going back on the Government's pledge to abolish Class 2 National Insurance contributions (NICs), in a move which will raise an extra £435 million a year for the NHS.

The change will scrap a tax cut of £134 a year on average for millions of self-employed.

Class 2 NICs apply to self-employed people with profits of between £6,205 and £8,424 a year. George Osborne announced he would be abolishing them in the 2015 Budget. The change was meant to be implemented this year, but Mr Hammond delayed it until April 2019.