You should assume that today's date is 25 March 2018.

Kaya is the managing director of, and 100% shareholder in, Hopi Ltd. Hopi Ltd has no other employees.

For the year ended 5 April 2018, Hopi Ltd's tax adjusted trading profit, after taking account of director's remuneration and employer's class 1 national insurance contributions (NICs), is forecast to be £80,000.

Hopi Ltd has already paid Kaya gross director's remuneration of £30,000 and dividends of £45,000 for the tax year 2017-18. Kaya does not have any other income. Based on these figures, the tax and NICs for Kaya and Hopi Ltd for the year ended 5 April 2018 will be:

	£
Kaya	
Income tax	14,200
Employee class 1 NICs	2,620
Hopi Ltd	
Employer class 1 NICs	3,013
Corporation tax	15,200

However, on 31 March 2018, Kaya is planning to pay herself a bonus of £25,000, but is unsure whether to take this as additional director's remuneration (the gross remuneration will be £25,000) or as an additional dividend.

Calculate the revised tax and NICs for Kaya and Hopi Ltd for the year ended 5 April 2018 if, on 31 March 2018, Kaya pays herself the bonus of £25,000 (1) as additional director's remuneration or (2) as an additional dividend.

Notes:

1. You are expected to calculate the revised income tax liability and NICs for Kaya and the revised corporation tax liability and NICs for Hopi Ltd under each of options (1) and (2).
2. You should assume that the rate of corporation tax remains unchanged.

(10 marks)