



S is the parent of T. S and T do not file a consolidated return. At the end of the day on June 30 of Year 1, P makes a qualified stock purchase of T from S. P makes a § 338 election for T, and T's deemed asset sale occurs as of the end of T's acquisition date (June 30).

T must file a separate return for its taxable year ending on June 30 of Year 1, which return includes the deemed asset sale.