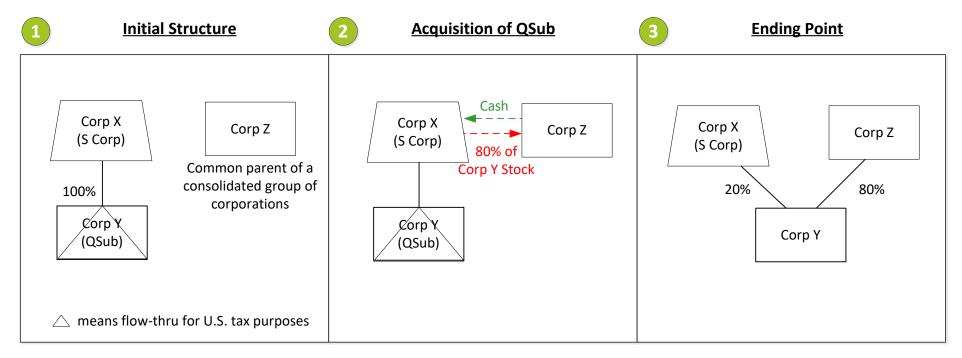
## Treas. Reg. § 1.1361-5(a)(4) Example 5

## <u>Termination of QSub Election due</u> to 80% Acquisition of QSub by C Corp





The facts are the same as in Example 4, except that Z acquires 80 percent of the stock of Y (instead of X) on June 1, 2002. In this case, Y's QSub election terminates as of the close of June 1, 2002, and, under § 1.1502-76(b)(1)(ii)(A)(1), Y becomes a member of the consolidated group at that time.