

03/19/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 00-0000000

Taxpayer Name: 45's Business

RE: Formal Protest to ERC Disallowance for Quarter 1 2021

Tax Period: 1st Quarter 2021

DEAR APPEALS OFFICER:

We write in response to the IRS notice disallowing 45's Business's Employee Retention Credit (ERC) claim for the first quarter of 2021. The disallowance was based on an assertion that no governmental orders were in effect during the period that imposed restrictions on our operations. We respectfully disagree. Our operations were substantially impacted by numerous COVID-19 government orders issued by federal, state, county, and city authorities. In addition, we experienced dramatic revenue declines that satisfy the ERC qualification thresholds. In this protest, we provide a detailed timeline of the pertinent government orders and present a dedicated "REVENUE DECLINE DATA" section substantiating the qualification on both grounds.

Below is a chronological timeline of the COVID-19 government orders that were active during Quarter 1 2021. Each order is presented in the required format:

- **Order Name:** Proclamation 9994 – National Emergency Concerning COVID-19

ORDER NUMBER: PROCLAMATION 9994

DATE ENACTED: 03/13/2020

DATE RESCINDED: STILL IN EFFECT

Order Summary: This proclamation declared a nationwide emergency due to the COVID-19 outbreak and activated federal emergency powers and funding. It established the legal context for numerous subsequent orders that imposed health and safety protocols affecting business operations.

Impact on Quarter: In Quarter 1 2021, this proclamation provided the underlying federal authority for COVID-19 restrictions that affected travel, gatherings, and, by extension, routine business activities.

- **Order Name:** CDC/FAA Mask Mandates – Federal Mask Requirements for Travel

ORDER NUMBER: CDC/FAA MASK MANDATES

DATE ENACTED: 01/21/2021

DATE RESCINDED: STILL IN EFFECT

Order Summary: This order required masks in airplanes, trains, buses, airports, and on federal property to protect public health during travel. It followed detailed safety guidelines that came into force as part of the federal effort to limit virus transmission.

Impact on Quarter: During Quarter 1 2021, this mandate affected employee travel protocols and imposed additional safety measures on any business-related travel, thereby contributing to operational modifications.

- **Order Name:** State of Emergency Proclamation – California COVID-19 State of Emergency

ORDER NUMBER: STATE EMERGENCY PROCLAMATION

DATE ENACTED: 03/04/2020

DATE RESCINDED: STILL IN EFFECT

Order Summary: This proclamation empowered state authorities to mobilize resources and issue broad restrictions to mitigate COVID-19 spread. It served as the basis for subsequent orders that limited business activities and regulated public gatherings.

Impact on Quarter: In Quarter 1 2021, the state emergency remained active and reinforced public health measures that partially suspended normal business operations, influencing similar restrictions nationwide.

- **Order Name:** Executive Order N-33-20 – Statewide “Stay-at-Home” Order

ORDER NUMBER: EXECUTIVE ORDER N-33-20

DATE ENACTED: 03/19/2020

DATE RESCINDED: 06/15/2021

Order Summary: This order mandated that residents remain at home except to access essential services, resulting in the closure or significant limitation of non-essential business operations. It was a major instrument in reducing community spread of the virus.

Impact on Quarter: Although originating in California, the principles embodied in this order influenced broader public health expectations. Its active status in

Quarter 1 2021 contributed to a restrictive operating environment that paralleled national measures impacting our business.

- **Order Name:** State Public Health Officer Order (Stage 2 Reopening) – Modifying Stay-at-Home Order

ORDER NUMBER: STATE PHO ORDER (STAGE 2 REOPENING)

DATE ENACTED: 05/07/2020

DATE RESCINDED: 06/15/2021

Order Summary: This order allowed lower-risk sectors to reopen under strict safety protocols while maintaining distancing and other precautions. It modified earlier stay-at-home measures by establishing guidelines for phased reopening.

Impact on Quarter: In Quarter 1 2021, although businesses were in a reopening phase, the lingering restrictions and mandated safety protocols continued to limit operations and service capacity.

- **Order Name:** State Public Health Officer Order (July 13, 2020) – Statewide Rollback of Reopening

ORDER NUMBER: STATE PHO ORDER (JULY 13, 2020)

DATE ENACTED: 07/13/2020

DATE RESCINDED: 06/15/2021

Order Summary: This order reimposed restrictions on indoor operations in response to a surge in COVID-19 cases. It mandated that many businesses scale back or temporarily cease certain activities to reduce transmission risks.

Impact on Quarter: Although issued in mid-2020, the order remained in effect during Quarter 1 2021, sustaining a regulatory atmosphere that necessitated reduced operational capacity.

- **Order Name:** “Blueprint for a Safer Economy” Framework – Color-Tier Reopening System

ORDER NUMBER: BLUEPRINT FOR A SAFER ECONOMY

DATE ENACTED: 08/31/2020

DATE RESCINDED: 06/15/2021

Order Summary: This framework introduced a color-tier system that prescribed restrictions based on local COVID-19 metrics. It set capacity limitations and operational guidelines for businesses in various risk categories.

Impact on Quarter: In Quarter 1 2021, the continued enforcement of tier-based restrictions meant that businesses operated at reduced capacity, further limiting

normal business activities.

- **Order Name:** Regional Stay-at-Home Order – ICU Capacity Triggered Shutdown

ORDER NUMBER: REGIONAL STAY-AT-HOME ORDER

DATE ENACTED: 12/03/2020

DATE RESCINDED: 01/25/2021

Order Summary: This order mandated a temporary shutdown in regions where ICU capacity fell below critical thresholds, applying strict limitations on non-essential operations. It was a targeted response to escalating COVID-19 hospitalizations.

Impact on Quarter: Although its primary enforcement was in early January 2021, the regional order contributed to a broader atmosphere of operational restriction during the first quarter.

- **Order Name:** Ventura County Local Health Emergency

ORDER NUMBER: VENTURA COUNTY LOCAL HEALTH EMERGENCY

DATE ENACTED: 03/12/2020

DATE RESCINDED: STILL IN EFFECT

Order Summary: This declaration provided Ventura County with the authority to implement emergency health directives and coordinate resources during the pandemic. It established a legal basis for localized COVID-19 restrictions.

Impact on Quarter: While specific to Ventura County, this emergency declaration exemplifies the type of local governmental actions that, by analogy, underscored the necessity of restrictive measures in affected jurisdictions during Quarter 1 2021.

- **Order Name:** “Stay Well at Home” Order (Ventura County)

ORDER NUMBER: STAY WELL AT HOME ORDER

DATE ENACTED: 03/20/2020

DATE RESCINDED: 06/15/2021

Order Summary: This order required residents to remain at home except for essential activities, mandating the closure or severe limitation of non-essential businesses. It was critical in curtailing community spread.

Impact on Quarter: In Quarter 1 2021, the continuation of such measures in similar jurisdictions reflects the broad, nationwide impact of stay-at-home directives on business operations.

- **Order Name:** Ventura County “Red Tier” Reopening Order

ORDER NUMBER: VENTURA COUNTY RED TIER REOPENING ORDER

DATE ENACTED: 10/06/2020

Date Rescinded: Modified by subsequent orders; overall restrictions remained until full reopening

Order Summary: This order signaled a shift toward reopening while still maintaining limited indoor operations through capacity restrictions. It was indicative of the cautious approach adopted by local authorities.

Impact on Quarter: During Quarter 1 2021, the ongoing limitations inherent in the tier system continued to restrict business activities, thereby reducing normal operational throughput.

- **Order Name:** Camarillo Local Emergency Proclamation

ORDER NUMBER: EOC DIRECTOR ORDER NO. 20-1

DATE ENACTED: 03/13/2020

DATE RESCINDED: STILL IN EFFECT

Order Summary: This proclamation declared a local emergency to coordinate city resources and enforce additional health directives. It empowered the city to implement protective measures affecting public and business operations.

Impact on Quarter: The persistence of this local emergency status during Quarter 1 2021 reinforced the environment of restrictions that necessitated operational curtailments similar to those impacting broader jurisdictions.

- **Order Name:** Camarillo Resolution No. 2020-63 – Temporary Outdoor Dining Program

ORDER NUMBER: CAMARILLO RESOLUTION NO. 2020-63

DATE ENACTED: 06/10/2020 (APPROXIMATE)

DATE RESCINDED: 06/15/2021

Order Summary: This resolution permitted temporary outdoor dining by waiving certain zoning requirements and fees, thereby allowing restaurants to operate in a modified capacity. It was designed to mitigate revenue losses from indoor dining closures.

Impact on Quarter: Although primarily targeting the restaurant industry, the resolution reflects the broader trend of government-mandated operational modifications that affected many business types during Quarter 1 2021.

- **Order Name:** Miscellaneous City Measures

ORDER NUMBER: NOT APPLICABLE

DATE ENACTED: VARIOUS THROUGHOUT SPRING AND SUMMER 2020

DATE RESCINDED: NOT APPLICABLE

Order Summary: These measures included actions such as suspending late fees, moving permit processes online, and promoting alternative operations to assist businesses in coping with COVID-19 impacts. They served as ancillary supports to the formal orders.

Impact on Quarter: In Quarter 1 2021, the legacy of these city measures continued to influence local business operations by reinforcing adaptive practices and operational restrictions.

REVENUE DECLINE DATA

The purpose of this section is to document the exact revenue decline figures as provided for the affected quarters and demonstrate that 45's Business meets the ERC qualification criteria based on a significant reduction in gross receipts.

For the primary quarter under protest, the revenue figures are as follows. In Quarter 1 2021, 45's Business reported EXACTLY \$345 in revenue compared to Quarter 1 2019 revenue of EXACTLY \$54325234. This represents an EXACT decline of \$54324889, or EXACTLY 100.00% decline, which clearly qualifies for the ERC under the applicable guidelines.

Additional revenue data for subsequent quarters is provided below for completeness:

- **Q2 2021:** EXACTLY \$345 compared to Q2 2019
- **Q3 2021:** EXACTLY \$345 compared to Q3 2019

In conclusion, the dramatic revenue declines documented above, combined with the active imposition of federal, state, county, and city COVID-19 government orders, substantiate that 45's Business experienced both a partial suspension of operations and a significant decline in gross receipts during Quarter 1 2021. Both factors independently satisfy the ERC eligibility criteria.

We respectfully request that the IRS reconsider and reverse the disallowance of our ERC claim for the first quarter of 2021. Please do not hesitate to contact us should you require further documentation or clarification regarding the enclosed evidence.

Under penalties of perjury, I declare that I have examined this protest submission and that, to the best of my knowledge and belief, the information herein is true,

correct, and complete.

Sincerely,

[Signature]

[Name of Authorized Representative]

Authorized Representative for 45's Business

ENCLOSURES:

- Copies of COVID-19 Government Orders and Relevant Excerpts
- Detailed ERC Revenue Decline Calculations
- Supporting IRS Guidance Documents