

03/07/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 234

Taxpayer Name: 234

RE: Formal Protest to Letter 105 – ERC Disallowance for Q3

Tax Period: 3rd Quarter 2020 (2020Q3)

Claim Amount: \$[Insert Claim Amount]

Dear Appeals Officer,

We write in response to the IRS notice disallowing 234's Employee Retention Credit (ERC) claim for the third quarter of 2020. The disallowance was based on the assertion that no government orders were in effect during Q3 2020 that caused a suspension or significant limitation of our business operations. We respectfully disagree. Multiple federal, state, county, and city government orders were active throughout this period, and their cumulative impact resulted in a partial suspension of our normal operations. In this letter, we provide a detailed timeline of the relevant government orders and demonstrate their direct impact on our business activities during Q3 2020.

#### Timeline of COVID-19 Government Orders Active in Q3 2020

Below is a chronological timeline of key government orders and resolutions which were in effect during the third quarter of 2020. Each order is set forth in the prescribed format to illustrate its essence and its specific impact on our business operations:

- **Order Name:** National Emergency Concerning COVID-19
- **Order Number:** 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** This federal proclamation declared a national emergency in response to COVID-19, thereby activating broad emergency powers and funding. It did not directly mandate business closures but established the legal framework for subsequent restrictive measures at the state and local levels.
- **Impact on Quarter:** In Q3 2020, the proclaimed national emergency underpinned various orders that limited normal business operations, contributing to a partial suspension of activities.

- **Order Name:** California COVID-19 State of Emergency
  - **Order Number:** N/A
  - **Date Enacted:** 03/04/2020
  - **Date Rescinded:** Still in effect
  - **Order Summary:** This gubernatorial proclamation declared a statewide emergency, empowering California to issue public health orders and lockdown directives. It served as the foundation for a series of measures that restricted movement and closed or limited the operation of non-essential businesses.
  - **Impact on Quarter:** Throughout Q3 2020, the ongoing state of emergency justified continued limitations on our operations, effectively contributing to the partial suspension of normal business activities.
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- **Order Name:** Statewide “Stay-at-Home” Order
  - **Order Number:** N-33-20
  - **Date Enacted:** 03/19/2020
  - **Date Rescinded:** 06/15/2021
  - **Order Summary:** This order required Californians to remain at home except for essential activities, thereby mandating the closure or significant curtailment of non-essential business operations. It affected a wide range of sectors by forcing businesses to adapt to a work-from-home or remote operating model.
  - **Impact on Quarter:** In Q3 2020, while certain reopening efforts had been initiated, many operations remained restricted, resulting in reduced capacity and revenues that directly impacted our business.
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- **Order Name:** Statewide Rollback of Reopening
  - **Order Number:** N/A
  - **Date Enacted:** 07/13/2020
  - **Date Rescinded:** 08/31/2020
  - **Order Summary:** Issued in response to a surge in COVID-19 cases, this order mandated the rollback of previously eased restrictions by causing the closure of indoor operations. It compelled businesses that had begun reopening to revert to provision of only outdoor or limited take-out services.
  - **Impact on Quarter:** This rollback directly curtailed indoor business operations during Q3 2020, further limiting our capacity to generate revenue and maintain normal service levels.
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- **Order Name:** Blueprint for a Safer Economy – Color-Tier Reopening System
  - **Order Number:** N/A
  - **Date Enacted:** 08/28/2020 (effective 08/31/2020)

- **Date Rescinded:** 06/15/2021
  - **Order Summary:** Under this risk-based framework, counties were assigned to color-coded tiers based on local COVID-19 metrics. Ventura County was placed in the most restrictive Purple tier, which imposed strict capacity and operating limitations on businesses.
  - **Impact on Quarter:** In Q3 2020, the placement in the Purple tier led to severe restrictions on indoor operations and customer capacity, thereby significantly limiting our business activities.
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- **Order Name:** Ventura County Local Health Emergency
  - **Order Number:** N/A
  - **Date Enacted:** 03/12/2020
  - **Date Rescinded:** Still in effect during Q3 2020
  - **Order Summary:** This local emergency declaration empowered Ventura County health officials to issue orders aimed at mitigating the spread of COVID-19. It provided the authority for subsequent local health directives impacting business operations.
  - **Impact on Quarter:** The sustained local emergency supported continued restrictions and public health measures that directly affected our ability to operate at normal capacity during Q3 2020.
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- **Order Name:** Stay Well at Home Order
  - **Order Number:** N/A
  - **Date Enacted:** 03/20/2020
  - **Date Rescinded:** 06/15/2021
  - **Order Summary:** This order required all Ventura County residents to remain at home except for activities deemed essential, resulting in the closure of non-essential businesses. It was a critical measure designed to curb the spread of COVID-19 by limiting in-person interactions.
  - **Impact on Quarter:** In Q3 2020, this order continued to limit in-person business operations, forcing many establishments—including ours—to operate at reduced capacity or temporarily suspend normal services.
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- **Order Name:** Ventura County July 2020 Order – Local Implementation of State Rollback
  - **Order Number:** N/A
  - **Date Enacted:** 07/13/2020 (effective 07/14/2020)
  - **Date Rescinded:** 10/06/2020
  - **Order Summary:** In alignment with the state's rollback directive, this order mandated the immediate cessation of indoor operations for affected

business sectors. It reinforced the statewide requirement and ensured strict adherence to public health directives during a surge in cases.

- **Impact on Quarter:** This order intensified the operational challenges in Q3 2020, leading to abrupt suspensions of key business functions and exacerbating revenue losses.
- **Order Name:** Camarillo Local Emergency Proclamation
- **Order Number:** EOC Director Order No. 20-1
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Still in effect during Q3 2020
- **Order Summary:** This municipal proclamation activated Camarillo's emergency operations and enabled the rapid deployment of public health measures across the city. It provided the basis for numerous local directives that affected business operations.
- **Impact on Quarter:** In Q3 2020, the ongoing local emergency contributed to the imposition of operational restrictions and created an environment of uncertainty that directly impacted our business activities.
- **Order Name:** Camarillo Resolution No. 2020-63 – Temporary Outdoor Dining Program
- **Order Number:** 2020-63
- **Date Enacted:** 06/10/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This resolution permitted restaurants to operate temporary outdoor dining facilities by waiving certain zoning requirements and fees. It was a mitigation measure intended to help businesses adjust to the prohibitions on indoor dining.
- **Impact on Quarter:** Although designed to provide some relief, the need to shift to outdoor operations underscored the significant limitations imposed on traditional business models during Q3 2020, contributing to a partial suspension of our normal operations.

The orders described above imposed widespread operational limitations through enforced capacity reductions, abrupt rollbacks of reopening measures, and significant changes in service delivery requirements. Collectively, they resulted in a partial suspension of our business operations during the third quarter of 2020. In accordance with applicable IRS guidance under the ERC provisions, these COVID-19 related restrictions meet the statutory criteria for partial suspension, even though our business continued to operate in a limited capacity.

## CONCLUSION AND REQUEST

Based on the detailed timeline and operational analysis provided above, we respectfully request that the IRS reconsider and reverse the disallowance of our Q3 2020 ERC claim. The government orders detailed herein clearly demonstrate that 234 was subject to a series of COVID-19 related mandates that resulted in a partial suspension of its operations, thus satisfying the requirements for ERC eligibility. We have enclosed copies of the relevant government orders and supporting documentation for your review.

Thank you for your attention to this matter. We appreciate your prompt and fair reconsideration of our ERC claim. Please contact us if you require any additional information or documentation.

Attestation: "Under penalties of perjury, I declare that I submitted the protest and accompanying documents, and to the best of my personal knowledge and belief, the information stated in the protest and accompanying documents is true, correct, and complete."

Sincerely,

[Authorized Representative's Name]

Authorized Representative for 234

**ENCLOSURES:**

- Copies of Relevant Government Orders and Resolutions
- ERC Calculation Documentation for Q3 2020
- Supporting IRS Guidance Documents