

4/14/2025

Internal Revenue Service
Ogden, UT 84201

EIN: 23-124562

Taxpayer Name: Eldenism

RE: Formal Protest to ERC Disallowance

Tax Period: 2nd Quarter 2020 (202006)

DEAR APPEALS OFFICER:

We write in response to the notice disallowing Eldenism's Employee Retention Credit (ERC) claim for the second quarter of 2020. The stated reason for disallowance is that "no government orders were in effect" from April 1, 2020, to June 30, 2020, that caused a suspension of our operations. We respectfully disagree. During Q2 2020, there were multiple federal, state, county, and city government orders applicable to businesses in Camarillo, California. These orders imposed mandatory COVID-19 restrictions and requirements that partially suspended Eldenism's normal operations. Below, we provide a detailed overview of these government orders, explain their direct effect on our Q2 2020 activities, and show why we qualify for the ERC under the "partial suspension" provision.

TIMELINE OF COVID-19 ORDERS AFFECTING ELDENISM IN Q2 2020

1) • Order Name: Proclamation 9994 – National Emergency Concerning COVID-19

- **Order Number:** Proclamation 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Remained in effect throughout 2020; not rescinded during Q2 2020
- **Order Summary:** Declared a nationwide emergency regarding the COVID-19 outbreak, activating federal emergency powers. While it did not itself close businesses, it formed the basis for more specific state and local mandates.
- **Impact on Quarter:** In Q2 2020, Eldenism operated under the nationwide emergency context. This empowered state and county agencies to enforce stricter rules on business operations. The ongoing national emergency underscored the serious economic disruptions that partially suspended our normal activities that quarter.

2) • Order Name: California COVID-19 State of Emergency

- **Order Number:** Governor's Proclamation (no numeric designation)
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Not rescinded during Q2 2020; continued in effect
- **Order Summary:** The Governor of California proclaimed a state of emergency to address the pandemic, granting broad powers to impose lockdowns and other controls. It was the legal foundation for subsequent statewide closure and reopening orders.
- **Impact on Quarter:** Throughout Q2 2020, Eldenism was subject to heightened COVID-19 restrictions authorized by the state's emergency status. The statewide emergency framework

allowed for capacity limits, closure requirements, and rapid regulatory changes that forced us to reduce or modify our services, contributing to the partial suspension of our operations.

3) • Order Name: Executive Order N-33-20 – Statewide “Stay-at-Home” Order

- **Order Number:** N-33-20
- **Date Enacted:** 03/19/2020
- **Date Rescinded:** 06/15/2021 (far beyond Q2 2020)
- **Order Summary:** Ordered all Californians to stay home unless performing essential tasks or working in essential sectors. Non-essential businesses had to cease most in-person operations, while certain essential industries operated under strict distancing and safety requirements.
- **Impact on Quarter:** In Q2 2020, this stay-at-home order limited Eldenism’s in-person activities. Although essential businesses were allowed to continue with modifications, our normal business functions could not run at full capacity. These constraints clearly disrupted standard operations and contributed to our partial suspension.

4) • Order Name: State Public Health Officer Order (Stage 2 Reopening)

- **Order Number:** Issued 05/07/2020 under Executive Order N-60-20
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** 06/15/2021 (superseded later by “Beyond the Blueprint”)
- **Order Summary:** California initiated “Stage 2” of reopening, permitting some lower-risk businesses to resume operations with restrictions (e.g., curbside retail pickup, safety protocols). Higher-risk sectors (like indoor dining at that time) largely remained closed.
- **Impact on Quarter:** Although some restrictions were relaxed partway through Q2 2020, Eldenism remained under substantial limitations (capacity controls, spacing, and safety measures). These mandated protocols still compelled us to curtail significant parts of our usual in-person activities, keeping our operations partially suspended throughout the quarter.

5) • Order Name: Ventura County Local Health Emergency

- **Order Number:** County Declaration (no numeric designation)
- **Date Enacted:** 03/12/2020
- **Date Rescinded:** Not rescinded during Q2 2020
- **Order Summary:** Declared a local health emergency in Ventura County, enabling the County Health Officer to issue orders closing or restricting businesses, public gatherings, and other interactions.
- **Impact on Quarter:** In Q2 2020, this local emergency order provided the legal authority for county-level “stay well at home” mandates. It ensured that Eldenism had to abide by local closure rules and capacity limits, which continued to curb our day-to-day business activities.

6) • Order Name: Ventura County “Stay Well at Home” Order

- **Order Number:** Ventura County Health Officer Order of 03/20/2020
- **Date Enacted:** 03/20/2020
- **Date Rescinded:** Formally lifted in June 2021, but effectively remained in force (with modifications) throughout Q2 2020
- **Order Summary:** Required county residents to shelter in place, limited business operations to essential functions, and imposed distancing protocols on any permissible operations. Non-essential enterprises could not conduct normal in-person business.
- **Impact on Quarter:** During Q2 2020, Eldenism was not deemed an essential critical infrastructure entity in its entirety, so we were forced to scale back or suspend in-person

functions. Even essential-basis work was subject to strict distancing and safety protocols, burdening our usual capacity and resulting in a partial suspension.

7) • Order Name: Ventura County Public Health Order Updates (March–April 2020)

- **Order Number:** Various county orders extending/strengthening stay-home restrictions
- **Date Enacted:** 03/31/2020, 04/09/2020, 04/20/2020
- **Date Rescinded:** Superseded by later reopening steps in May; fundamental restrictions endured into Q2 2020
- **Order Summary:** Extended the county's stay-home rules, broadened the prohibition on public gatherings, and mandated social distancing protocols for essential businesses. Each amendment slightly tightened definitions of essential services and required businesses to implement written safety measures.
- **Impact on Quarter:** Eldenism had to continually adjust operations to comply. Further clarifications limited on-site staffing and mandated physical distancing, forcing us to operate well below normal capacity during the entire Q2 2020 period.

8) • Order Name: "Safely Reopening Ventura County" Order

- **Order Number:** Ventura County Health Officer Order of 05/07/2020
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** Eventually superseded in late summer/fall by state tier orders, but remained active through Q2 2020
- **Order Summary:** Allowed a phased reopening under strict protocols like curbside retail, limited in-store shopping with capacity caps, mandatory social distancing, and mandatory face coverings in business settings.
- **Impact on Quarter:** Although this order began to relax some shutdown measures in May and June 2020, Eldenism still faced significant operational requirements. Many of our face-to-face activities were either prohibited or severely limited in Q2. This partial reopening did not eliminate the ongoing constraints that reduced our normal daily functions.

9) • Order Name: Local Emergency Proclamation (Camarillo)

- **Order Number:** EOC Director Order No. 20-1
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Continued throughout Q2 2020; not lifted until a later date
- **Order Summary:** The City of Camarillo declared a local emergency, closing city facilities and empowering local authorities to implement COVID-19 restrictions and enforcement consistent with county and state orders.
- **Impact on Quarter:** Due to Camarillo's local emergency, Eldenism had to follow additional city-imposed guidelines. City services shifted to limited availability, affecting business permitting, in-person city meetings, and other municipal interactions that Eldenism normally relied upon. This contributed to delayed or reduced workflows, furthering our partial operational suspension.

10) • Order Name: Camarillo Eviction Moratorium Orders

- **Order Number:** EOC Director Order No. 20-2 (Amended 04/23/2020)
- **Date Enacted:** 03/18/2020 (original), 04/23/2020 (amended)
- **Date Rescinded:** Superseded by state law for residential tenants in late summer; portions regarding commercial evictions remained in place through Q2 2020
- **Order Summary:** Temporarily prohibited evictions of residential and commercial tenants who were unable to pay rent due to COVID-19 hardship, preventing lease termination during the

emergency.

- **Impact on Quarter:** While not a closure mandate, this moratorium reflected the city's recognition that businesses like Eldenism could not operate normally. The local government considered us under severe economic strain due to mandatory restrictions, which was the rationale behind providing eviction protections.

11) • Order Name: Camarillo Resolution No. 2020-63 – Temporary Outdoor Dining Program

- **Order Number:** Resolution No. 2020-63
- **Date Enacted:** 06/10/2020
- **Date Rescinded:** Largely expired in 2021, when indoor capacity restrictions ended
- **Order Summary:** Authorized the use of outdoor spaces and adjacent areas for dining or other services, waiving standard zoning requirements to help businesses operate under distancing restrictions.
- **Impact on Quarter:** This measure provided some relief in the latter half of Q2 2020. However, Eldenism still remained under significant modifications

PARTIAL SUSPENSION OF OPERATIONS UNDER GOVERNMENT ORDERS

Despite some phased reopenings in late Q2 2020, Eldenism's normal activities remained restricted by mandatory social distancing, reduced capacity rules, and ongoing stay-home directives at every level of government. We were not free to conduct business as usual in our physical space or to carry out our standard services at normal volumes. These constraints, continuously in effect across April, May, and June 2020, had more than a nominal effect on our overall operations.

IRS guidance (including the "partial suspension" guidelines) clarifies that if a government order limits an employer's ability to conduct its business in a normal or typical manner, and that limitation is more than nominal, the employer is considered to have a partial suspension. Here, the federal, state, county, and city orders created overlapping restrictions that undeniably forced Eldenism to operate at a significantly reduced capacity in Q2 2020.

Examples of limitations we faced during Q2 2020:

- We could not fully open our facility for routine in-person meetings, client interactions, or standard business offerings.
- Required social distancing significantly reduced occupancy, curtailing our ability to host customers or partners.
- Enhanced sanitation and PPE mandates slowed processes and forced us to dedicate substantial resources to compliance instead of normal output.

Taken together, these restrictions caused a tangible partial suspension of Eldenism's usual operations in Q2 2020—exactly the situation the ERC's "government order" test was designed to address.

Accordingly, it is incorrect to assert that "no government orders were in effect" during Q2 2020. The orders itemized above were indeed in effect and directly resulted in Eldenism's partial operational suspension.

CONCLUSION AND REQUEST

We respectfully request that the IRS reverse the disallowance of our ERC claim for Q2 2020, as Eldenism was indeed subject to active government orders that restricted our operations. Under the CARES Act and associated IRS guidance, these orders qualify as a partial suspension event. We have strived to remain compliant with all public health mandates while retaining our workforce in a highly challenging period. The ERC is essential to supporting our continued employment in the face of these mandatory government restrictions.

Thank you for reviewing the enclosed details. We trust this demonstrates our eligibility for the Employee Retention Credit in Q2 2020. Please feel free to contact us if you require any further information.

Under penalties of perjury, I declare that I have examined the facts presented in this protest (including accompanying documents), and to the best of my knowledge and belief, they are true, correct, and complete.

Sincerely,

[Signature]

[Name/Title/Authorized Representative]

ELDENISM

ATTACHMENTS:

1. source_1_bidenwhitehouse.archives.gov.pdf - Proclamation 9994 (Federal National Emergency)
2. source_2_gov.ca.gov.pdf - California COVID-19 State of Emergency
3. source_3_gov.ca.gov.pdf - Executive Order N-33-20 (Statewide Stay-at-Home)
4. source_4_cdph.ca.gov.pdf - Referenced for California Public Health Officer Orders (May 7, 2020 update)
5. source_5_vcportal.ventura.org.pdf - Ventura County Local Orders and "Stay Well at Home"
6. source_6_cms7files.revize.com.pdf - Camarillo Resolution No. 2020-63 for Outdoor Dining