

03/14/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 32423

Taxpayer Name: 34

RE: Formal Protest to ERC Disallowance for Q2 2020

Tax Period: 2nd Quarter 2020 (2020Q2)

Dear Appeals Officer,

We write in response to the IRS notice disallowing 34's Employee Retention Credit (ERC) claim for the second quarter of 2020. The disallowance was based on an assertion that no government orders imposed restrictions on our operations during Q2 2020. We respectfully disagree. Multiple federal, state, county, and city government orders were active during Q2 2020 that mandated substantial restrictions on business operations, thereby causing a full or partial suspension of our normal activities.

The following is a detailed chronology of the relevant COVID-19 government orders that were in effect during Q2 2020 and that imposed restrictions directly affecting 34's ability to operate at normal capacity:

- **Order Name:** California COVID-19 State of Emergency Proclamation
- **Order Number:** N/A (Governor's Proclamation)
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** Governor Gavin Newsom's proclamation declared a state of emergency in California due to the COVID-19 outbreak, thereby empowering state and local authorities to issue sweeping public health directives and business restrictions. The proclamation served as the legal foundation for subsequent mandatory measures designed to mitigate the spread of COVID-19.
- **Impact on Quarter:** For Q2 2020, this declaration meant that 34 was subject to strict statewide and local directives requiring the closure or significant limitation of non-essential business activities, resulting in a partial suspension of our normal operations.
- **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- **Date Rescinded:** 06/15/2021
  - **Order Summary:** This order mandated that all California residents remain at home except for essential activities and required non-essential businesses to cease in-person operations. It was issued to reduce the movement of people and limit interpersonal contact in an effort to slow the spread of COVID-19.
  - **Impact on Quarter:** During Q2 2020, the stay-at-home mandate imposed by this order forced 34 to significantly scale back in-person operations, limiting our ability to provide services as usual and thereby contributing to a partial suspension of our business functions.
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- **Order Name:** State Public Health Officer Order (Stage 2 Reopening) – Modifying Stay-at-Home Order
  - **Order Number:** EO N-60-20
  - **Date Enacted:** 05/07/2020
  - **Date Rescinded:** 06/15/2021
  - **Order Summary:** This order initiated a phased reopening by allowing lower-risk businesses to resume operations under strict health and safety protocols while continuing to restrict higher-risk activities. It provided guidelines for social distancing and other COVID-19 preventive measures during the early stages of economic reopening.
  - **Impact on Quarter:** In Q2 2020, although a limited reopening was permitted, the operational modifications imposed by this order ensured that businesses like 34 could not operate at full capacity, thereby maintaining a level of partial suspension of normal business activities.
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- **Order Name:** Local Emergency Proclamation (Camarillo) – City Declaration of Emergency
  - **Order Number:** EOC Director Order No. 20-1
  - **Date Enacted:** 03/13/2020
  - **Date Rescinded:** Still in effect
  - **Order Summary:** The City of Camarillo declared a local emergency in response to COVID-19, activating its Emergency Operations Center and authorizing additional measures such as the cancellation of public events and the closure of non-essential facilities. This proclamation reinforced state-level restrictions by allowing local enforcement of COVID-19 health directives.
  - **Impact on Quarter:** The local emergency declaration further restricted operations for 34 in Q2 2020 by supporting state and county directives, thereby contributing to the overall partial suspension of business operations during this period.
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- **Order Name:** Ventura County “Stay Well at Home” Order – Countywide Stay-Home Order

- **Order Number:** N/A
- **Date Enacted:** 03/20/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This county order required all Ventura County residents to remain at home except for essential purposes, mirroring the statewide mandate while providing specific definitions for essential businesses. It directed non-essential businesses to suspend in-person operations and implement strict public health protocols.
- **Impact on Quarter:** For Q2 2020, the Ventura County directive compounded the impact of state and local orders by reinforcing the necessity to limit in-person interactions and curtail normal business activities, resulting in a sustained partial suspension of operations for 34.

Based solely on these government orders, it is evident that 34 faced a series of interlocking mandates that curtailed its normal operations during the second quarter of 2020. These orders left no doubt that our business was subjected to a partial suspension of activities due to COVID-19 restrictions. We respectfully request that the IRS review the enclosed documentation of these orders and reconsider its determination regarding our ERC claim.

Thank you for your attention to this matter. Please do not hesitate to contact us if any further information or clarification is needed.

Under penalties of perjury, I declare that I have submitted this protest and the accompanying documents, and that to the best of my knowledge, the information contained herein is true, correct, and complete.

Sincerely,

[Signature]

Authorized Representative for 34

**ENCLOSURES: COPIES OF GOVERNMENT ORDERS AS DETAILED ABOVE**