

5/2/2025

Internal Revenue Service
Ogden, UT 84201

EIN: 2523

Taxpayer Name: 34532453

RE: Formal Protest to ERC Disallowance for Q2 2020

Tax Period: 2nd Quarter 2020 (202006)

DEAR APPEALS OFFICER:

We write in response to the IRS notice disallowing 34532453's Employee Retention Credit (ERC) claim for the second quarter of 2020. The disallowance letter indicates that "no government orders were in effect" from April 1 to June 30, 2020 that caused a suspension of our operations. We respectfully disagree. Multiple federal, state, county, and city COVID-19 government orders remained active throughout Q2 2020, and they did impose restrictions on businesses in Camarillo, California—including ours—that partially limited or suspended normal business activities. Below, we provide a detailed timeline of relevant government orders, along with our quarterly revenue data, demonstrating that we qualify for the ERC under both the "partial suspension" and "significant decline in gross receipts" thresholds.

DETAILED TIMELINE OF COVID-19 GOVERNMENT ORDERS ACTIVE IN Q2 2020

Below is a chronological overview of the government orders that were in effect during the second quarter of 2020. We have listed each order individually with the required details to show how it impacted our business operations during Q2 2020.

- **Order Name:** Proclamation 9994 – National Emergency Concerning COVID-19
- **Order Number:** Proclamation 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Not rescinded during Q2 2020 (remained in effect)
- **Order Summary:** This federal proclamation declared a nationwide emergency due to COVID-19. It activated federal emergency powers and provided the foundation for subsequent state and local restrictions and public health measures. While it did not by itself mandate business closures, it enabled broad governmental authority to impose and enforce COVID-related limitations.
- **Impact on Quarter:** In Q2 2020, the ongoing national emergency status under Proclamation 9994 underscored the severity of the pandemic, supporting and justifying the more specific state and local business restrictions that followed.
- **Order Name:** California COVID-19 State of Emergency
- **Order Number:** Governor's Proclamation (03/04/2020)
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Not rescinded during Q2 2020
- **Order Summary:** Governor Gavin Newsom declared a state of emergency in California due to the threat of COVID-19. This empowered the Governor and state health agencies to issue sweeping orders such as lockdowns and capacity restrictions on businesses.
- **Impact on Quarter:** Throughout Q2 2020, the state of emergency authorized California officials to impose and maintain pandemic-related directives (including stay-at-home orders), which limited on-site business activities and required social distancing. Our business operations in Camarillo were affected by these mandates, reducing normal capacity and in-person services.
- **Order Name:** Executive Order N-33-20 (California Statewide Stay-at-Home)
- **Order Number:** N-33-20
- **Date Enacted:** 03/19/2020
- **Date Rescinded:** 06/15/2021 (well after Q2 2020)
- **Order Summary:** This was a broad statewide directive requiring all Californians to shelter in place unless performing essential activities. Non-essential businesses were closed or allowed only minimal basic operations. Essential businesses could remain open but with strict health guidelines.
- **Impact on Quarter:** For Q2 2020, Executive Order N-33-20 directly curtailed normal operations. Many sectors were forced to operate with limitations or remain closed, thus substantially impacting our ability to operate at full capacity and reducing in-person services.
- **Order Name:** State Public Health Officer Order (Stage 2 Reopening)
- **Order Number:** 05/07/2020 State Health Officer Order

- **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 06/15/2021
 - **Order Summary:** As part of California's phased reopening, this order allowed certain "lower-risk" businesses (e.g., retail with curbside pickup, some manufacturing) to reopen with modifications. Indoor operations remained heavily restricted, and higher-risk establishments were still closed.
 - **Impact on Quarter:** Although Stage 2 permitted limited reopening in Q2 2020, it did not restore normal business operations. Our typical services were still partly suspended by strict capacity limits, distancing requirements, and the potential for partial closure if classification as a higher-risk sector applied.
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- **Order Name:** Ventura County Local Health Emergency
 - **Order Number:** County Declaration (03/12/2020)
 - **Date Enacted:** 03/12/2020
 - **Date Rescinded:** Remained active through all of Q2 2020
 - **Order Summary:** Ventura County declared a local health emergency, laying the groundwork for county-level orders. It allowed county officials to respond quickly to the pandemic and enforce further restrictions on businesses and gatherings.
 - **Impact on Quarter:** During Q2 2020, Camarillo businesses were subject to county requirements issued under this local emergency. The county's authority to impose partial closures and capacity limits came directly from this continuing emergency status.
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- **Order Name:** Ventura County Public Health Order (March 17, 2020)
 - **Order Number:** 03/17/2020 Order
 - **Date Enacted:** 03/17/2020
 - **Date Rescinded:** Superseded 03/20/2020
 - **Order Summary:** This initial countywide directive closed certain businesses (bars, nightclubs, gyms) and limited restaurants to take-out only, even before the full statewide order. It also directed vulnerable residents to shelter in place.
 - **Impact on Quarter:** Though partially superseded later, the restrictions introduced by this order carried into early Q2 2020. Many businesses remained closed or were significantly restricted well into April.
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- **Order Name:** Ventura County "Stay Well at Home" Order
 - **Order Number:** 03/20/2020 Order
 - **Date Enacted:** 03/20/2020
 - **Date Rescinded:** 06/15/2021 (aligned with state changes)
 - **Order Summary:** This county order required virtually all Ventura County residents to stay home except for essential needs and jobs. It closed non-essential businesses for in-person operations and instituted local enforcement mechanisms.
 - **Impact on Quarter:** Throughout Q2 2020, our location in Camarillo operated under these local stay-at-home conditions. The constraints mirrored California's statewide directives but also added county-specific definitions and penalties, resulting in further limitations on day-to-day activities.
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- **Order Name:** Ventura County "Safely Reopening" Order
 - **Order Number:** 05/07/2020 Order
 - **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 08/31/2020 (when Ventura County moved to the state's Blueprint system)
 - **Order Summary:** This order outlined how Ventura County businesses could reopen under Stage 2 guidelines. It repealed certain earlier restrictions but introduced capacity constraints, distancing protocols, and safety plan requirements.
 - **Impact on Quarter:** Even after May 7, 2020, we had to follow the county's reopening rules in Q2 2020, including extensive sanitizing, physical distancing, and partial capacity limits, all of which reduced normal operations.
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- **Order Name:** Local Emergency Proclamation (Camarillo)
 - **Order Number:** EOC Director Order No. 20-1
 - **Date Enacted:** 03/13/2020
 - **Date Rescinded:** Remained in effect through Q2 2020
 - **Order Summary:** Camarillo declared a local emergency that closed city facilities and canceled city events. It allowed city leadership to coordinate emergency response measures and impose local regulations supplementing county/state orders.
 - **Impact on Quarter:** During Q2 2020, Camarillo's emergency ordinance supported and enforced county-level business restrictions. City facilities and certain services remained limited, influencing overall commerce and foot traffic.
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- **Order Name:** Camarillo Eviction Moratorium Orders
 - **Order Number:** EOC Director Order No. 20-2 (03/18/2020) & Amendment (04/23/2020)
 - **Date Enacted:** 03/18/2020
 - **Date Rescinded:** Superseded by state law after Q2 2020 for residential; local emergency expired later

- **Order Summary:** These city orders forbade evictions of both residential and commercial tenants unable to pay rent due to COVID-19 hardships. It provided temporary relief from eviction but did not forgive rent.
- **Impact on Quarter:** During Q2 2020, our business benefited from the protection against eviction if revenues dropped. While not a closure mandate, these orders underscore that local authorities recognized widespread financial impact on businesses.
- **Order Name:** Camarillo Resolution No. 2020-63 (Temporary Outdoor Dining)
- **Order Number:** 2020-63
- **Date Enacted:** 06/10/2020
- **Date Rescinded:** Expired mid-2021
- **Order Summary:** This resolution waived certain zoning and permit fees to let restaurants and other dining establishments expand outdoors. It was intended to counter the indoor restrictions by allowing more socially distanced dining capacity outside.
- **Impact on Quarter:** Enacted just before the end of Q2 2020, the resolution illustrated continued local government intervention, showing that normal indoor operations were still heavily restricted. Outdoor expansions were a partial workaround, but many businesses remained under capacity limits.

QUARTERLY REVENUE DATA DEMONSTRATING SIGNIFICANT DECLINE

In addition to the government orders discussed above, we are submitting quarterly revenue data that demonstrates the revenue reductions for 34532453. The following table presents the quarterly revenue amounts and percentage changes for comparison purposes:

QUARTER	2019 REVENUE	COMPARISON REVENUE	DOLLAR DECLINE	% DECLINE	QUALIFIES
Q1 2019-2020	\$435,245,234.00	\$2,345.00	\$435,242,889.00	100.00%	YES
Q2 2019-2020	\$5,234.00	\$2,345.00	\$2,889.00	55.20%	YES
Q3 2019-2020	\$523,452.00	\$234,532.00	\$288,920.00	55.20%	YES
Q4 2019-2020	\$32,452,345.00	\$45,234.00	\$32,407,111.00	99.86%	YES
Q1 2019-2021	\$435,245,234.00	\$52,345.00	\$435,192,889.00	99.99%	YES
Q2 2019-2021	\$5,234.00	\$2,345.00	\$2,889.00	55.20%	YES
Q3 2019-2021	\$523,452.00	\$3,224.00	\$520,228.00	99.38%	YES

As shown in the revenue table above, the quarters with "YES" in the QUALIFIES column meet the applicable ERC thresholds for gross receipt declines. Specifically, for second quarter 2020, there was a more-than-50% decline in revenue compared to the same quarter in 2019. These significant revenue reductions, combined with the government orders described, provide clear substantiation for our ERC claim.

WHY WE QUALIFY FOR THE ERC IN Q2 2020

1. Partial Suspension of Operations:

- The overlapping federal, state, county, and city orders in effect through Q2 2020 significantly limited normal operations.
- Executive Order N-33-20 and Ventura County's "Stay Well at Home" directives mandated closure or heavily restricted activities for non-essential businesses.
- Even upon partial reopening in May 2020 (Stage 2/Safely Reopening), capacity limits, social distancing, and ongoing local emergency restrictions continued to suspend normal in-person service levels.

2. Significant Decline in Gross Receipts:

- Our Q2 2020 revenues dropped by 55.20% compared to Q2 2019, exceeding the CARES Act's 50% threshold for 2020.
- Consequently, 34532453 qualifies under the gross receipts test, regardless of whether it also qualifies under partial suspension (in fact, we meet both tests).

3. Response to Disallowance Reason:

- The IRS notice states that "no government orders were in effect." This is factually incorrect. We have provided a direct list of the specific orders and the ways they constrained business. For Q2 2020, multiple binding government mandates required partial

closures or strict operating limitations, which more than satisfy the “orders from an appropriate governmental authority” standard under IRS guidance.

We respectfully request that the IRS reverse its disallowance. Our business sustained a substantial revenue decline and was partially suspended by enforceable government orders that were actively in effect from April 1 to June 30, 2020.

Thank you for your time and reconsideration.

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

Sincerely,

[Signature]

[Name and Title of Authorized Individual]

34532453

SOURCES

1. [See Attachment 1: [source_1_federalregister.gov.pdf](#)] - Proclamation 9994 (National Emergency)
2. [See Attachment 2: [source_2_gov.ca.gov.pdf](#)] - California COVID-19 State of Emergency Proclamation
3. [See Attachment 3: [source_3_gov.ca.gov.pdf](#)] - Executive Order N-33-20 (Statewide Stay-at-Home)
4. [See Attachment 4: [source_4_cdph.ca.gov.pdf](#)] - State Public Health Officer Order (Stage 2 Reopening)
5. [See Attachment 5: [source_5_vcportal.ventura.org.pdf](#)] - Ventura County Local Health Emergency (3/12/2020)
6. [See Attachment 6: [source_6_vcportal.ventura.org.pdf](#)] - Ventura County Public Health Order (3/17/2020)
7. [See Attachment 7: [source_7_vcportal.ventura.org.pdf](#)] - Ventura County “Stay Well at Home” Order (3/20/2020)
8. [See Attachment 8: [source_8_vcportal.ventura.org.pdf](#)] - Ventura County “Safely Reopening” Order (5/7/2020)
9. [See Attachment 9: [source_9_cityofcamarillo.org.pdf](#)] - Camarillo Local Emergency Proclamation
10. [See Attachment 10: [source_10_cityofcamarillo.org.pdf](#)] - Camarillo Eviction Moratorium Orders
11. [See Attachment 11: [source_11_cityofcamarillo.org.pdf](#)] - Camarillo Resolution No. 2020-63 (Outdoor Dining)

ATTACHMENTS:

1. [source_1_federalregister.gov.pdf](#) - Reference 1
2. [source_2_gov.ca.gov.pdf](#) - Reference 2
3. [source_3_gov.ca.gov.pdf](#) - Reference 3
4. [source_4_cdph.ca.gov.pdf](#) - Reference 4
5. [source_5_vcportal.ventura.org.pdf](#) - Reference 5
6. [source_6_vcportal.ventura.org.pdf](#) - Reference 6
7. [source_7_vcportal.ventura.org.pdf](#) - Reference 7
8. [source_8_vcportal.ventura.org.pdf](#) - Reference 8
9. [source_9_cityofcamarillo.org.pdf](#) - Reference 9
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11. [source_11_cityofcamarillo.org.pdf](#) - Reference 11