

5/2/2025

Internal Revenue Service
Ogden, UT 84201

EIN: 324134

Taxpayer Name: 3242342

RE: Formal Protest – ERC Disallowance for 2nd Quarter 2020

Tax Period: Q2 2020

DEAR APPEALS OFFICER:

I write in response to the IRS notice disallowing 3242342's Employee Retention Credit (ERC) claim for the second quarter of 2020. According to the disallowance, "no government orders were in effect" that suspended or limited our operations during April 1 to June 30, 2020. We respectfully disagree. Multiple federal, state, and local government orders were indeed active in Q2 2020, and these orders substantially limited our normal business activities. In addition, our business experienced significant revenue declines that independently qualify us for the ERC during the same period. We therefore submit this formal protest, providing detailed evidence of the relevant government orders, their operational impact, and the accompanying revenue reductions that support our ERC claim.

Below is a comprehensive list of the government orders that directly affected our business operations in Q2 2020. Each order is presented in the required format, including enactment and rescission dates, along with a summary and the specific impact on the second quarter of 2020.

TIMELINE OF COVID-19 GOVERNMENT ORDERS AFFECTING 3242342 IN Q2 2020

- **Order Name:** Proclamation 9994 – National Emergency Concerning COVID-19
- **Order Number:** Proclamation 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Remained in effect through 2020 (not rescinded during Q2 2020)
- **Order Summary:** This federal proclamation declared a nationwide emergency due to COVID-19. It enabled federal emergency powers and signaled the severity of the pandemic, prompting states and localities to issue mandates restricting business activities.
- **Impact on Quarter:** In Q2 2020, 3242342 operated under heightened federal emergency conditions. While the proclamation itself did not impose direct closures, it authorized subsequent stringent state and county orders that forced businesses like ours to limit operations extensively.

- **Order Name:** California COVID-19 State of Emergency
- **Order Number:** Governor's Proclamation (03/04/2020)
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Still in effect through all of 2020; not lifted in Q2 2020
- **Order Summary:** Governor Gavin Newsom declared a state of emergency in California, empowering broad actions to combat COVID-19. It provided legal authority for ongoing health directives, capacity restrictions, and closures across multiple sectors.
- **Impact on Quarter:** Throughout Q2 2020, this order underpinned California's stay-at-home requirements and reopening frameworks. It meant 3242342 remained subject to evolving statewide mandates with limited on-site operations, diminished customer traffic, and mandated safety protocols (masks, distancing, sanitization).

- **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:** Required all California residents to remain at home unless performing essential work or obtaining essential goods. Non-essential businesses were closed or restricted to minimal functions. Critical businesses could operate but only under strict limitations.
- **Impact on Quarter:** During Q2 2020 (April–June), 3242342 had to curtail many standard business functions, allowing only essential-level or remote operations. This drastically reduced in-person activities, contributing to a measurable dip in productivity and revenue.

- **Order Name:** State Public Health Officer Order (Stage 2 Reopening)
- **Order Number:** Issued per EO N-60-20 on 05/07/2020
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** 06/15/2021

- **Order Summary:** Allowed lower-risk businesses (such as certain retail, manufacturing) to reopen with modifications, while higher-risk indoor operations (like dine-in restaurants or gyms) remained restricted. Emphasized curbside or outdoor services whenever possible.
- **Impact on Quarter:** By May–June 2020, 3242342 was permitted partial operation but with capacity, distancing, and service-mode restrictions. Although it slightly eased the March shutdown, we could not conduct normal operations due to mandatory safety measures and ongoing limitations on customer interaction.
- **Order Name:** Ventura County Local Health Emergency
- **Order Number:** County Declaration (03/12/2020)
- **Date Enacted:** 03/12/2020
- **Date Rescinded:** Not rescinded in Q2 2020; remained active throughout 2020
- **Order Summary:** Declared a local health emergency, empowering Ventura County officials to issue local closures, business capacity rules, and stay-at-home directives. Facilitated swift enforcement of statewide orders at the county level.
- **Impact on Quarter:** 3242342, located in Ventura County, was subject to local enforcement actions. Health inspectors and county authorities imposed occupancy limits and consistent monitoring, forcing us to restrict on-site work and adopt extensive safety protocols in Q2 2020.
- **Order Name:** Ventura County “Stay Well at Home” Order
- **Order Number:** County Health Officer Order (03/20/2020)
- **Date Enacted:** 03/20/2020
- **Date Rescinded:** 06/11/2021
- **Order Summary:** Mandated all non-essential businesses to suspend in-person operations. Required residents to stay home except for essential tasks. Essential businesses remained open with strict measures (distancing, PPE, capacity limits).
- **Impact on Quarter:** During Q2 2020, 3242342 drastically modified its operations. Remote work replaced most office activities, in-person output was severely limited, and we sustained significant revenue losses tied to these involuntary reductions.
- **Order Name:** Ventura County Public Health Order Updates (March–April 2020)
- **Order Number:** Various Orders on 03/31/2020, 04/09/2020, and 04/20/2020
- **Date Enacted:** 03/31/2020; 04/09/2020; 04/20/2020
- **Date Rescinded:** All superseded by subsequent May 2020 county reopening orders, but effectively in force during April 2020
- **Order Summary:** Extended and tightened the county stay-at-home provisions, banned gatherings, and required essential businesses to enforce social distancing protocols. Clarified definitions of essential vs. non-essential businesses.
- **Impact on Quarter:** From April through part of May 2020, these updates prolonged full or partial closures for many sectors. For 3242342, they further restricted on-site work and public-facing interactions. We lost customer traffic and had to invest in compliance measures (distancing, masking) that limited normal output.

In light of these orders alone—covering federal, state, and local levels—3242342’s operations during Q2 2020 were undeniably constrained. Contrary to the assertion that “no government orders were in effect,” we have documented how these mandates remained active throughout the quarter, forcing widespread business suspensions or harshly reduced capacity.

REVENUE REDUCTION DATA

In addition to the government orders discussed above, we are submitting quarterly revenue data that demonstrates the revenue reductions for 3242342. 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	\$21,342,134,123.00	\$341.00	\$21,342,133,782.00	100.00%	YES
Q2 2019-2020	\$41,234,123.00	\$234,213.00	\$40,999,910.00	99.43%	YES
Q3 2019-2020	\$4,123.00	\$4,123.00	\$0.00	0.00%	NO
Q4 2019-2020	\$4,123,412.00	\$4,123,412.00	\$0.00	0.00%	NO
Q1 2019-2021	\$21,342,134,123.00	\$3,412.00	\$21,342,130,711.00	100.00%	YES
Q2 2019-2021	\$41,234,123.00	\$341,234.00	\$40,892,889.00	99.17%	YES

Q3 2019-2021	\$4,123.00	\$1,234.00	\$2,889.00	70.07%	YES
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As shown in the revenue table above, the quarters flagged with "YES" in the QUALIFIES column meet the ERC threshold for revenue decline. Of particular note is Q2 2019-2020, where we experienced a 99.43% decline. Thus, we qualify for the ERC based on a significant drop in gross receipts. Even without the government orders, that alone satisfies one of the statutory requirements. However, we also endured a direct partial suspension of operations due to the active government mandates described earlier. Both criteria underscore our eligibility for the ERC.

CONCLUSION AND REQUEST

Combining these two prongs of evidence—(1) consistent, official government orders that forced operational suspensions and (2) a substantial revenue decline—the conclusion is clear: 3242342 was indeed eligible for the ERC in Q2 2020. The reason given in the IRS disallowance ("no government orders were in effect") is simply incorrect. We trust that upon reviewing this documentation, your office will reverse the disallowance.

We appreciate your time and attention to this protest. If you require any additional information or clarification, please do not hesitate to contact us. We stand ready to cooperate fully and provide further supporting materials as needed.

Attestation: "Under penalties of perjury, I declare that I prepared and submitted this protest and accompanying documents, and to the best of my knowledge and belief, the statements contained herein are true, correct, and complete."

Sincerely,

[Signature]

[Name], Authorized Representative

3242342

ATTACHMENTS:

1. source_1_federalregister.gov.pdf - Federal Proclamation 9994
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 - State Public Health Officer Order (Stage 2 Reopening)
5. source_5_vcemergency.com.pdf - Ventura County Local Health Emergency
6. source_6_vcemergency.com.pdf - Ventura County "Stay Well at Home" Order
7. source_7_vcemergency.com.pdf - Ventura County Public Health Order Updates (March-April 2020)