

3/27/2025

Internal Revenue Service
Ogden, UT 84201

EIN: 34252345

Taxpayer Name: 642346

RE: Formal Protest to ERC Disallowance for Q2 2020

Tax Period: Q2 2020

Claim Amount: [Amount as previously reported]

Dear Appeals Officer,

We write in response to the IRS notice disallowing 642346's Employee Retention Credit (ERC) claim for Q2 2020. The disallowance was based on an assertion that "no government orders were in effect" during this period. We respectfully disagree. Multiple federal, state, county, and city government orders were active in Q2 2020 and imposed COVID-19 related restrictions that significantly impacted our business operations. In this protest letter, we provide a detailed timeline of the relevant government orders and present comprehensive quarterly revenue data that substantiate our claim for the ERC.

Below is a timeline of key COVID-19 government orders active in Q2 2020:

- **Order Name:** California COVID-19 State of Emergency
- **Order Number:** Not Applicable
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** Governor Newsom's proclamation declared a state of emergency in response to COVID-19, thereby empowering state authorities to issue orders affecting businesses and mobilize emergency resources. This declaration established the legal framework for subsequent restrictive measures and public health mandates.
- **Impact on Quarter:** In Q2 2020, this order provided the legal authority for mandatory restrictions, which forced non-essential businesses to modify operations or close temporarily.
- **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- **Date Rescinded:** 06/15/2021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 executive order mandated that Californians remain at home except for essential activities. It required the closure or severe modification of operations for non-essential businesses to help slow the spread of COVID-19.
- **Impact on Quarter:** During Q2 2020, the stay-at-home order resulted in significant operational disruptions for our business, either forcing us to operate under limited capacity or to temporarily suspend in-person operations.
- **Order Name:** State Public Health Officer Order (Stage 2 Reopening) – Modifying Stay-at-Home (Early Stage 2)
- **Order Number:** Not Applicable
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This order signaled a cautious reopening by permitting select lower-risk businesses to resume operations with modifications, including the allowance of curbside pickup and other restricted services. It maintained essential safety protocols while slowly easing earlier closures.
- **Impact on Quarter:** In Q2 2020, the order allowed limited reopening of our business; however, strict capacity limitations and operational modifications continued to impede normal business functions.
- **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 the emerging COVID-19 crisis, thereby activating its Emergency Operations Center and authorizing additional control measures. This proclamation provided the basis for further local restrictions on public gatherings and business operations.
- **Impact on Quarter:** In Q2 2020, this local emergency declaration reinforced state and county measures, creating an environment in which our normal operations were substantially curtailed.
- **Order Name:** Camarillo Eviction Moratorium Orders – Citywide Moratorium on Evictions
- **Order Number:** EOC Director Order No. 20-2
- **Date Enacted:** 03/18/2020
- **Date Rescinded:** Still in effect

- **Order Summary:** This order temporarily suspended eviction proceedings for both residential and commercial tenants affected by the pandemic. Its purpose was to stabilize businesses and individuals facing economic hardship during the COVID-19 crisis.
- **Impact on Quarter:** In Q2 2020, the eviction moratorium provided critical relief by preventing forced closures due to landlord-initiated evictions, which was essential to maintaining our limited operations amid widespread disruption.

In addition to the government orders discussed above, we are submitting quarterly revenue data that demonstrates the revenue reductions for 642346. The following table presents the quarterly revenue amounts and percentage changes for comparison purposes.

Quarter	2019 Revenue	Comparison Revenue	Dollar Decline	% Decline	Qualifies
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Q1 2019-2020	\$421,342,134.00	\$2,134,234.00	\$419,207,900.00	99.49%	YES
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Q2 2019-2020	\$2,134,213.00	\$2,412.00	\$2,131,801.00	99.89%	YES
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Q3 2019-2020	\$41,234,123.00	\$3,424.00	\$41,230,699.00	99.99%	YES
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Q4 2019-2020	\$421,341,234.00	\$2,342.00	\$421,338,892.00	100.00%	YES
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Q1 2019-2021	\$421,342,134.00	\$1,234.00	\$421,340,900.00	100.00%	YES
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Q2 2019-2021	\$2,134,213.00	\$23,423.00	\$2,110,790.00	98.90%	YES
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Q3 2019-2021	\$41,234,123.00	\$33.00	\$41,234,090.00	100.00%	YES
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As shown in the revenue table above, the quarters with “YES” in the QUALIFIES column meet the ERC threshold for revenue decline. These revenue reductions, combined with the impact of the government orders described earlier, provide clear substantiation for our ERC claim.

CONCLUSION AND REQUEST

In light of the evidence provided – both the government orders active in Q2 2020 and the demonstrable revenue reductions – we respectfully request that the IRS reconsider and reverse the disallowance of our Q2 2020 ERC claim. The government orders in effect during this period have been proven to have materially affected our business operations, and the substantial declines in revenue further support our claim under the ERC provisions. We appreciate your prompt and fair reconsideration of our case.

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,

[Your Name]

Authorized Representative for 642346

Enclosures: Copies of Government Orders and Relevant Excerpts; ERC Calculation Data for Q2 2020; IRS Guidance Documents