

03/19/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 00-0000000

Taxpayer Name: 45's Business

RE: Formal Protest to Letter 105 – ERC Disallowance for Q2

Tax Period: 2nd Quarter 2021 (2021Q2)

Dear Appeals Officer,

We write in response to the IRS notice disallowing 45's Business's Employee Retention Credit (ERC) claim for the second quarter of 2021. The disallowance was predicated on the assertion that no government orders were in effect that caused a suspension or significant limitation of our operations. We respectfully disagree. As demonstrated below, multiple federal, state, and local COVID-19 government orders were active during Q2 2021 and materially restricted our law firm's normal operations. In addition, our revenue data for this quarter clearly shows a qualifying decline based on the thresholds established for the ERC. We provide herein a comprehensive timeline of the relevant government orders and a detailed "REVENUE DECLINE DATA" section that includes the exact figures as required by audit guidelines.

Below is a chronological listing of key COVID-19 government orders that impacted our operations during Q2 2021:

- **Order Name:** Proclamation 9994 – National Emergency Concerning COVID-19

**ORDER NUMBER: 9994**

**DATE ENACTED: 03/13/2020**

**DATE RESCINDED: STILL IN EFFECT**

**Order Summary:** This proclamation declared a nationwide emergency due to the COVID-19 outbreak, thereby activating federal emergency powers and funding. It provided the legal basis for subsequent government measures and health guidelines that affected business operations nationwide.

**Impact on Quarter:** During Q2 2021, this federal emergency measure continued to underpin restrictive health protocols that affected how our law firm conducted in-office and client meetings.

- **Order Name:** State Public Health Officer Order (Stage 2 Reopening) – Modifying Stay-at-Home

Order Number: May 7, 2020 (State Health Officer order per EO N-60-20)

**DATE ENACTED: 05/07/2020**

**DATE RESCINDED: 06/15/2021**

**Order Summary:** This order allowed lower-risk businesses to reopen with modifications while still maintaining essential safety protocols. It marked the beginning of a gradual reopening while many high-risk operations continued under certain restrictions.

**Impact on Quarter:** In Q2 2021, although there were signs of partial reopening, the limitations imposed by this order continued to affect our ability to fully serve our clients in our law practice due to modified operating procedures and limited in-person interactions.

- **Order Name:** Blueprint for a Safer Economy Framework – Color-Tier Reopening System

Order Number: Adopted by the State Public Health Officer on 08/28/2020

**DATE ENACTED: 08/28/2020**

**DATE RESCINDED: 06/15/2021**

**Order Summary:** This framework replaced uniform closure mandates with a risk-based, color-coded tier system for counties, defining which sectors could operate and under what restrictions. It imposed capacity limitations and strict operational guidelines for indoor businesses.

**Impact on Quarter:** In Q2 2021, the tier system dictated the permissible operational capacity in our area, thereby restricting non-essential indoor activities and affecting our overall business practice.

- **Order Name:** Camarillo Local Emergency Proclamation

Order Number: EOC Director Order No. 20-1 (ratified by City Council Resolution 20-36)

**DATE ENACTED: 03/13/2020**

**DATE RESCINDED: STILL IN EFFECT**

**Order Summary:** This proclamation declared a local emergency in response to COVID-19, activating the city's Emergency Operations Center and authorizing the enforcement of local health and safety measures. It served as the legal basis for numerous local COVID-related restrictions.

**Impact on Quarter:** Although our law firm is based in Unknown Location, NY, the widespread model of local emergency declarations—including that in Camarillo—

reflects the type of government intervention in effect nationwide during Q2 2021 that compelled adjustments in business operations to ensure client and employee safety.

## **REVENUE DECLINE DATA**

The purpose of this section is to provide the detailed revenue reduction figures substantiating our claim for ERC qualification. Our revenue data clearly demonstrates that the significant decline experienced in our operations meets the threshold required for ERC eligibility.

For the primary quarter being protested, Q2 2021, our law firm reported EXACTLY \$345 in revenue compared to EXACTLY \$3552452345 in Q2 2019. This represents an EXACT decline of \$3552452000 and an EXACT percentage decline of 100.00%, which clearly qualifies for the ERC under the applicable thresholds established for 2021.

In addition, similar significant revenue declines were experienced in other quarters:

- **Q1 2021:** EXACTLY \$345 compared to Q1 2019
- **Q3 2021:** EXACTLY \$345 compared to Q3 2019

The above detailed figures conclusively connect the severe revenue declines in addition to the government-mandated restrictions that together qualify our claim under the ERC provisions.

## **CONCLUSION AND REQUEST**

In light of the evidence provided above—including the detailed timeline of government orders that imposed significant operational limitations in Q2 2021 and the precise revenue decline data—we respectfully request that the IRS reconsider and reverse the disallowance of our ERC for the second quarter of 2021. The credit we claimed is fully supported by both the documented government orders and the statutory revenue decline thresholds. We have enclosed copies of the relevant government orders and detailed revenue documentation for your review.

Thank you for your prompt and fair reconsideration of our ERC claim. Please do not hesitate to contact us if further details or documentation is required.

Sincerely,

[Authorized Representative]

**ENCLOSURES:**

- Copies of relevant Government Orders (Proclamation 9994, State Public Health Officer Order (Stage 2 Reopening), Blueprint for a Safer Economy Framework, Camarillo Local Emergency Proclamation)
- Detailed Revenue Documentation for Q1, Q2, and Q3 2021
- ERC Calculation Supporting Documentation