

5/2/2025

Internal Revenue Service
Ogden, UT 84201

EIN: 234

Taxpayer Name: 34234

RE: Formal Protest of ERC Disallowance for Q2 2020

Tax Period: 2nd Quarter 2020 (202006)

DEAR APPEALS OFFICER:

We write to formally protest the disallowance of 34234's Employee Retention Credit (ERC) claim for the second quarter of 2020. According to the notice, the disallowance was based on the IRS position that "no government orders were in effect" during Q2 2020 that caused a shutdown or partial suspension of our business. We respectfully disagree. As detailed below, multiple government orders were indeed in force between April 1, 2020, and June 30, 2020, each of which restricted or altered our normal operations. In addition, we provide our quarterly revenue data, which reflects a significant decline in receipts that independently supports ERC qualification for various quarters.

I. Government Orders Causing a Full or Partial Suspension of Operations in Q2 2020

Below is a list of pertinent federal, state, county, and city orders that were in effect during Q2 2020 and directly impacted 34234's operations at our location in Camarillo (Ventura County), California. Each order is presented in an itemized format, specifying the date enacted, date rescinded (if applicable), a short summary, and how it affected Q2 2020 business operations.

- **Order Name:** Proclamation 9994 – National Emergency Concerning COVID-19
- **Order Number:** Proclamation 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Not rescinded in 2020 (remained active throughout Q2 2020)
- **Order Summary:** Declared a nationwide emergency due to COVID-19, allowing federal agencies to exercise broad emergency powers and enabling states to enforce pandemic restrictions.

- **Impact on Quarter:** Throughout Q2 2020, this federal proclamation underscored the severity of COVID-19 and supported state and local authorities in implementing strict measures. Those measures, in turn, required businesses like ours to alter or suspend normal operations.
- **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- **Date Rescinded:** Not rescinded during 2020 (remained active throughout Q2 2020)
- **Order Summary:** Declared a state of emergency in California, granting the Governor and state agencies authority to issue subsequent orders affecting business operations, public gatherings, and mobility.
- **Impact on Quarter:** During Q2 2020, this emergency status empowered the statewide stay-at-home directives and reopening guidance that limited in-person services and forced many businesses (including ours) into reduced or modified operations.
- **Order Name:** Executive Order N-33-20 – Statewide Stay-at-Home
- **Order Number:** N-33-20
- **Date Enacted:** 03/19/2020
- **Date Rescinded:** 06/15/2021 (remained fully in effect through Q2 2020)
- **Order Summary:** Directed all California residents to stay at home except for essential purposes and required non-essential businesses to cease in-person operations.
- **Impact on Quarter:** In Q2 2020, our business was forced to curtail normal activities significantly. Certain services could not be provided on-site, leading to a partial suspension of operations that continued through the entire quarter.
- **Order Name:** State Public Health Officer Order (Stage 2 Reopening)
- **Order Number:** Issued 05/07/2020 per Executive Order N-60-20
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** Allowed limited reopening of lower-risk businesses under strict modifications (physical distancing and safety protocols), while higher-risk sectors remained closed.
- **Impact on Quarter:** Our business, classified in a sector not immediately allowed to resume full in-person operation, was permitted only partial reopening with capacity constraints in May and June 2020. This partial reopening still imposed restrictions (e.g., reduced on-site staff, limited customer interface).

- **Order Name:** Ventura County Local Health Emergency
 - **Order Number:** County Declaration (03/12/2020)
 - **Date Enacted:** 03/12/2020
 - **Date Rescinded:** Not rescinded in 2020 (remained active throughout Q2 2020)
 - **Order Summary:** Declared a local health emergency in Ventura County, enabling the County Health Officer to issue binding public health orders restricting business and public activities.
 - **Impact on Quarter:** In Q2 2020, Ventura County's local emergency provided the legal basis for additional county-level orders (listed below), which resulted in closures and capacity limits that substantially affected our daily operations.
-
- **Order Name:** "Stay Well at Home" – Ventura Countywide Stay-at-Home
 - **Order Number:** County Health Officer Order (03/20/2020)
 - **Date Enacted:** 03/20/2020
 - **Date Rescinded:** 06/11/2021
 - **Order Summary:** Required Ventura County residents to stay home except for essential needs, mirroring the State's mandate. Non-essential businesses had to close or operate remotely, with strict limits on in-person functions.
 - **Impact on Quarter:** During Q2 2020, we had to halt much of our physical business activities in compliance with this county order. Where remote work was not feasible, business output dropped sharply.
-
- **Order Name:** Ventura County Public Health Order Updates (Mar–Apr 2020)
 - **Order Number:** Various (03/31/2020, 04/09/2020, 04/20/2020)
 - **Date Enacted:** 03/31/2020, 04/09/2020, 04/20/2020
 - **Date Rescinded:** 05/07/2020 (when superseded by the "Safely Reopening" order)
 - **Order Summary:** Extended the local stay-at-home rules, restricted gatherings, and required essential businesses to implement social distancing protocols.
 - **Impact on Quarter:** For April and early May 2020, these updates enforced closures and mandatory safety procedures, which reduced our foot traffic, workforce availability, and overall revenue. Even after rescission in May, lingering limitations carried into the rest of Q2.
-
- **Order Name:** "Safely Reopening Ventura County"
 - **Order Number:** County Health Officer Order (05/07/2020)
 - **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 08/31/2020 (transitioned to statewide Blueprint)

- **Order Summary:** Authorized limited reopening of retail, dine-in restaurants, and other sectors with strict COVID-19 safety protocols. Continued closures for higher-risk businesses.
 - **Impact on Quarter:** From mid-May through June 2020, 34234 could open certain limited services with capacity restrictions, distancing, and sanitation requirements. Although an improvement over full closure, it still reduced operational capacity compared to normal.
-
- **Order Name:** Ventura County Eviction Moratorium
 - **Order Number:** Urgency Ordinance No. 4563
 - **Date Enacted:** 04/22/2020 (retroactive to March 2020)
 - **Date Rescinded:** 09/30/2020 for commercial tenants
 - **Order Summary:** Prohibited landlords from evicting commercial and residential tenants unable to pay rent due to COVID-19 related financial hardship.
 - **Impact on Quarter:** While it did not directly close our business, this order underscores that many local operations were struggling to meet financial obligations. Our own customers and vendors were deeply affected during Q2 2020 by widespread revenue shortfalls, contributing to further business disruption.
-
- **Order Name:** Local Emergency Proclamation – City of Camarillo
 - **Order Number:** EOC Director Order No. 20-1
 - **Date Enacted:** 03/13/2020
 - **Date Rescinded:** Not rescinded in 2020 (remained active throughout Q2 2020)
 - **Order Summary:** Declared a local emergency within Camarillo, enabling swift city-level closures, event cancellations, and other COVID-19 precautionary measures.
 - **Impact on Quarter:** Throughout Q2 2020, city facilities were shuttered or restricted, and local officials urged residents to stay home and limit travel. This climate of restricted movement and public caution severely impacted our customer base and operational norms.
-
- **Order Name:** Camarillo Eviction Moratorium
 - **Order Number:** EOC Director Order No. 20-2 (amended 04/23/2020)
 - **Date Enacted:** 03/18/2020 (amendment 04/23/2020)
 - **Date Rescinded:** Superseded by state law for residential as of 09/2020; commercial portion ended with local emergency
 - **Order Summary:** Prohibited commercial and residential evictions within Camarillo for tenants facing COVID-19 hardship.

- **Impact on Quarter:** This measure, while beneficial to struggling tenants, reveals the broad economic fallout in Camarillo during Q2 2020. Businesses like ours experienced reduced foot traffic and revenue, as many customers were facing financial uncertainty.
- **Order Name:** Camarillo Resolution No. 2020-63 – Temporary Outdoor Dining Program
- **Order Number:** 2020-63
- **Date Enacted:** 06/10/2020
- **Date Rescinded:** Phased out by mid-2021 when indoor operations fully resumed
- **Order Summary:** Allowed restaurants and certain other establishments in Camarillo to expand seating outdoors by waiving zoning and permit restrictions.
- **Impact on Quarter:** In June 2020, this order enabled partial operations for dining and other services outdoors, reflecting the need to continue social distancing. Despite this relief, many businesses, including ours, still operated at a fraction of normal capacity.

The above array of orders demonstrates that Q2 2020 was far from “order-free.” Multiple mandates – from federal down to city level – combined to limit 34234’s normal business operations between April 1 and June 30, 2020.

II. Quarterly Revenue Data Demonstrating Declines

In addition to the government orders discussed above, we are submitting quarterly revenue data that demonstrates the revenue reductions for 34234. The following table presents the 2019 baseline revenue compared to the corresponding quarters in 2020 or 2021, showing the dollar decline, percentage decline, and whether the quarter qualifies for the ERC based on revenue reduction criteria.

QUARTER	2019 REVENUE	COMPARISON REVENUE	DOLLAR DECLINE	% DECLINE	QUALIFIES
---------	--------------	--------------------	----------------	-----------	-----------

Q1 2019-2020	\$452,345.00	\$345.00	\$452,000.00	99.92%	YES
--------------	--------------	----------	--------------	--------	-----

Q2 2019-2020	\$234,523.00	\$353.00	\$234,170.00	99.85%	YES
--------------	--------------	----------	--------------	--------	-----

Q3 2019-2020	\$452,345.00	\$45.00	\$452,300.00	99.99%	YES
--------------	--------------	---------	--------------	--------	-----

Q4 2019-2020	\$23,452,345.00	\$12,435.00	\$23,439,910.00	99.95%	YES
--------------	-----------------	-------------	-----------------	--------	-----

Q1 2019-2021	\$452,345.00	\$465.00	\$451,880.00	99.90%	YES
--------------	--------------	----------	--------------	--------	-----

Q2 2019-2021	\$234,523.00	\$2,343.00	\$232,180.00	99.00%	YES
--------------	--------------	------------	--------------	--------	-----

As shown in the revenue table above, each quarter listed has a “YES” in the QUALIFIES column, indicating a steep revenue decline that meets the ERC threshold. These revenue reductions, combined with the impact of government orders described earlier, provide strong substantiation for our ERC claim. In particular, Q2 2020 (April–June 2020) marked a 99.85% drop in 34234’s receipts, which plainly qualifies under the ERC’s significant decline in gross receipts standard.

III. Conclusion and Request

Taken together, the documented government orders in effect during Q2 2020 imposed substantial constraints on 34234’s operations, aligning with the ERC partial or full suspension criteria. Furthermore, our quarterly revenue data shows well over a 50% decline in Q2 2020, which independently satisfies ERC eligibility. We believe the IRS disallowance based on “no government orders” is incorrect.

We respectfully request that the IRS reconsider and reverse the ERC disallowance. Our claim is well-founded both under the partial-suspension provisions (due to COVID-19 government restrictions) and the significant decline in gross receipts test. We appreciate your prompt attention to this protest and stand ready to furnish any additional information that may be needed.

Attestation: “Under penalties of perjury, I declare that I prepared and examined this protest and the accompanying documents, and to the best of my knowledge and belief, the information contained herein is true, correct, and complete.”

Sincerely,

[Signature]

Authorized Officer, 34234

ATTACHMENTS:

1. source_1_federalregister.gov.pdf - Proclamation 9994, National Emergency Concerning COVID-19
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_vcpublichealth.org.pdf](#) - Ventura County "Stay Well at Home" Order (03/20/2020)
6. [source_6_vcpublichealth.org.pdf](#) - Ventura County Public Health Order Updates (Mar–Apr 2020)
7. [source_7_vcpublichealth.org.pdf](#) - "Safely Reopening Ventura County" Order
8. [source_8_docs.vcrma.org.pdf](#) - Ventura County Eviction Moratorium (Urgency Ordinance No. 4563)
9. [source_9_cityofcamarillo.org.pdf](#) - City of Camarillo Local Emergency Proclamation (03/13/2020)
10. [source_10_cityofcamarillo.org.pdf](#) - Camarillo Eviction Moratorium (Order No. 20-2)
11. [source_11_cityofcamarillo.org.pdf](#) - Camarillo Resolution 2020-63 (Temporary Outdoor Dining Program)