

03/14/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 34-123151

Taxpayer Name: Elden Inc.

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

Tax Period: 2nd Quarter 2020 (202004–202006)

Claim Amount: \$100,000

Dear Appeals Officer,

We write in response to the IRS notice disallowing Elden Inc.'s Employee Retention Credit (ERC) claim for the second quarter of 2020. The notice asserts that no government orders were in effect during Q2 2020 that caused a suspension or partial suspension of our operations. We respectfully disagree. Elden Inc. experienced a significant revenue decline during Q2 2020 and was subject to multiple governmental orders at the federal, state, county, and city levels which imposed COVID-19-related restrictions and limitations on our normal business operations. In this protest, we provide detailed documentation of the applicable government orders along with evidence of revenue decline showing why Elden Inc. qualifies for the ERC under the partial suspension provisions.

Our business, based in Camarillo, CA, experienced a marked reduction in revenue—exceeding 40% compared to the same period in 2019—as a direct consequence of the strict restrictions mandated by these orders. The following is a timeline and detailed description of the government orders that were in effect during Q2 2020:

- **Order Name:** National Emergency Concerning COVID-19
- **Order Number:** Proclamation 9994
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** This proclamation declared a national emergency in response to the coronavirus outbreak, providing the federal framework for emergency funding and empowering state and local governments to impose restrictions. It did not close private businesses directly but set the stage for subsequent restrictive measures at lower government levels.
- **Impact on Quarter:** In Q2 2020, this national emergency underscored the severity of the pandemic and justified the implementation of mandatory shutdowns and operational limitations imposed by state and local orders, thereby contributing to the disruption of our normal business operations.

- **Order Name:** Statewide “Stay-at-Home” Order
 - **Order Number:** Executive Order N-33-20
 - **Date Enacted:** 03/19/2020
 - **Date Rescinded:** 06/15/2021
 - **Order Summary:** This executive order required Californians to remain at home except for essential activities and mandated the shutdown or severe limitation of non-essential business operations. The order forced many businesses to transition to remote work or suspend in-person services.
 - **Impact on Quarter:** During Q2 2020, Elden Inc. was forced to significantly curtail in-office and customer-facing activities, resulting in a reduced capacity to operate normally and directly impacting our revenue streams.
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- **Order Name:** Modifying Stay-at-Home (Early Stage 2)
 - **Order Number:** State Public Health Officer Order (Stage 2 Reopening)
 - **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 06/15/2021
 - **Order Summary:** As COVID-19 case trends began to stabilize, this order eased the most severe restrictions by permitting lower-risk businesses to reopen with modifications while keeping higher-risk services closed or limited. It offered a phased approach to reopening but still imposed strict operating procedures and capacity limitations.
 - **Impact on Quarter:** Although this order allowed some limited reopening in Q2 2020, many aspects of our operations remained curtailed, and the mandated modifications significantly restricted our revenue-generating activities compared to pre-pandemic levels.
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- **Order Name:** Countywide Stay-at-Home Order
 - **Order Number:** Ventura County “Stay Well at Home” Order
 - **Date Enacted:** 03/20/2020
 - **Date Rescinded:** 06/11/2021
 - **Order Summary:** This county order required all Ventura County residents to remain at home except for essential activities, effectively mirroring state mandates while also providing detailed local guidance on what constituted essential operations. It imposed strict limitations on in-person operations for non-essential businesses.
 - **Impact on Quarter:** For Elden Inc., this order limited our ability to maintain normal operating hours and engage in in-person business activities during Q2 2020, contributing directly to a significant reduction in revenue.
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- **Order Name:** Stage 2 County Reopening (May 2020)
 - **Order Number:** “Safely Reopening Ventura County” Order

- **Date Enacted:** 05/07/2020
 - **Date Rescinded:** Superseded by later county orders
 - **Order Summary:** This order allowed a gradual reopening of select non-essential businesses under strict health protocols, including social distancing, capacity limits, and enhanced safety measures. It attempted to balance public health concerns with economic activity by defining specific safe operating conditions.
 - **Impact on Quarter:** Although the order permitted some reopening during Q2 2020, the very strict conditions and limited capacity allowed under this directive forced Elden Inc. to operate at a significantly reduced functional capacity, thereby affecting overall business performance.
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- **Order Name:** City Declaration of Emergency
 - **Order Number:** Camarillo Local Emergency Proclamation (EOC Director Order No. 20-1)
 - **Date Enacted:** 03/13/2020
 - **Date Rescinded:** Still in effect
 - **Order Summary:** This city proclamation formally declared a local emergency in Camarillo in response to COVID-19. It enabled the activation of the Emergency Operations Center and permitted the suspension of non-essential public events and changes in permitting and operational procedures for businesses.
 - **Impact on Quarter:** The declaration intensified local governmental oversight and created additional regulatory challenges for Elden Inc., further impeding our normal business operations throughout Q2 2020.
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- **Order Name:** Citywide Moratorium on Evictions
 - **Order Number:** Camarillo Eviction Moratorium Orders (EOC Director Order No. 20-2 and its subsequent amendment)
 - **Date Enacted:** 03/18/2020 (with amendment on 04/23/2020)
 - **Date Rescinded:** Rescinded for residential tenants on 08/31/2020; commercial protections ended with the local emergency
 - **Order Summary:** This order temporarily halted evictions for both residential and small commercial tenants affected by the COVID-19 economic downturn, providing critical stability for businesses and tenants facing reduced revenue. The moratorium was designed to prevent an immediate loss of leased premises during the crisis.
 - **Impact on Quarter:** For Elden Inc., which relies on stable occupancy for our operational premises, the moratorium provided essential relief amid a revenue decline; however, the underlying revenue losses due to other restrictions still severely impacted our business operations in Q2 2020.

In summary, the extensive revenue decline we experienced, combined with the cumulative impact of these federal, state, county, and city orders, fully supports our contention that our operations were partially suspended during Q2 2020. The restrictions imposed by these orders not only limited Elden Inc.'s ability to conduct normal business activities but also contributed directly to a significant decline in revenue—both of which satisfy the requirements for ERC eligibility under the partial suspension provisions.

Based on the evidence provided above, we respectfully request that the IRS reconsider the disallowance of our Q2 2020 ERC claim. The documentation enclosed—detailing each government order and the tangible impact on our business—demonstrates that Elden Inc. qualifies for the credit as intended under the applicable IRS guidance.

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."

Thank you for your attention to this matter. Please do not hesitate to contact us if further information is required.

Sincerely,

[Signature]

JOHN DOE

AUTHORIZED REPRESENTATIVE FOR

Elden Inc.

ENCLOSURES:

- Copies of Government Orders and Relevant Excerpts
- ERC Calculations for Q2 2020
- Documentation of Revenue Decline for Q2 2020
- IRS Guidance Supporting ERC Eligibility for Partial Suspension