

03/12/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 4242

Taxpayer Name: 34213

RE: Formal Protest to Letter 105 – ERC Disallowance for Q2 2020

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

Claim Amount: [Enter Claim Amount]

Dear Appeals Officer,

We write in response to the IRS notice disallowing 34213's Employee Retention Credit (ERC) claim for the second quarter of 2020. The disallowance was premised on an assertion that "no government orders were in effect" during Q2 2020 that caused a suspension or curtailment of our operations. We respectfully disagree. Multiple federal, state, county, and city government orders were active during Q2 2020, and each imposed COVID-19–related restrictions that directly limited our normal operations. In this letter, we provide a detailed timeline of the pertinent government orders, demonstrate how they affected our business activities, and reference applicable IRS guidance supporting our qualification for the ERC under the "partial suspension" provisions.

Timeline of COVID-19 Government Orders Active in Q2 2020

- **Order Name:** Proclamation 9994 – 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- **Date Rescinded:** Still in effect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 nationwide emergency in response to COVID-19, thereby establishing the legal framework for subsequent federal, state, and local public health measures. It empowered authorities to implement restrictions and directives that affected a wide range of business operations.
- **Impact on Quarter:** The proclamation served as the foundation for all ensuing governmental actions that imposed limitations on our business, contributing directly to the partial suspension of our customary operations in Q2 2020.
- **Order Name:** State of Emergency Proclamation – California COVID-19 State of Emergency

- **Order Number:** Not applicable
 - **Date Enacted:** 03/04/2020
 - **Date Rescinded:** Still in effect
 - **Order Summary:** Issued by Governor Newsom, this order declared a state of emergency in California, enabling fast-tracked regulatory actions and public health interventions. It underpinned many of the restrictive measures that followed, including stay-at-home directives and limitations on business activities.
 - **Impact on Quarter:** The state emergency declaration mandated social distancing and helped justify the restrictions that led to a partial suspension of our normal business functions during Q2 2020.
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- **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 required Californians to remain at home except for essential activities, effectively mandating the closure or severe limitation of non-essential businesses. It was designed to reduce the spread of the virus by minimizing in-person interactions.
 - **Impact on Quarter:** The order forced our business to cease non-essential in-person operations, resulting in a significant reduction in service delivery and a clear partial suspension of our regular operational activities in Q2 2020.
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- **Order Name:** State Public Health Officer Order (Stage 2 Reopening)
 - **Order Number:** Issued per EO N-60-20
 - **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 06/15/2021
 - **Order Summary:** As COVID-19 case rates began to stabilize, this order allowed select lower-risk businesses to reopen under specific modifications, such as social distancing and enhanced sanitation protocols. It signified a cautious step toward resuming operations while keeping public health priorities in focus.
 - **Impact on Quarter:** Although it permitted a limited resumption of activities, the imposed capacity restrictions and operational modifications continued to hinder our usual business performance in Q2 2020.
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- **Order Name:** Ventura County Local Health Emergency
 - **Order Number:** Not applicable
 - **Date Enacted:** 03/12/2020
 - **Date Rescinded:** Still in effect

- **Order Summary:** The Ventura County Local Health Emergency declared by the county's Public Health Officer empowered local authorities to enforce COVID-19 directives including business operation limits. It supported subsequent county-specific orders affecting all non-essential sectors.
 - **Impact on Quarter:** This declaration reinforced local enforcement of statewide restrictions and contributed to disruptions in our in-person service delivery throughout Q2 2020.
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- **Order Name:** "Stay Well at Home" Order
 - **Order Number:** Not applicable
 - **Date Enacted:** 03/20/2020
 - **Date Rescinded:** 06/11/2021
 - **Order Summary:** Issued by Ventura County, the "Stay Well at Home" Order required residents to remain indoors except for essential travel, thereby mandating limitations on the operation of non-essential businesses. It was a crucial element in the county's strategy to curb the spread of COVID-19.
 - **Impact on Quarter:** This order directly resulted in the suspension of most non-essential business activities, significantly restricting our operations during the affected period in Q2 2020.
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- **Order Name:** "Safely Reopening Ventura County" Order
 - **Order Number:** Not applicable
 - **Date Enacted:** 05/07/2020 (amended 05/20/2020)
 - **Date Rescinded:** 08/31/2020
 - **Order Summary:** This order signaled a phased reopening for lower-risk businesses, allowing some level of in-person activity under strict safety protocols. It represented Ventura County's effort to balance economic recovery with public health imperatives.
 - **Impact on Quarter:** While the order enabled a modest resumption of operations, the accompanying restrictions and capacity limits meant that our business continued to experience a partial suspension in our normal activities during Q2 2020.
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- **Order Name:** Local Emergency Proclamation (Camarillo)
 - **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 which activated its Emergency Operations Center, leading to municipal closures and cancellation of public events. This order provided the local authority for further restrictions affecting business operations.

- **Impact on Quarter:** By reinforcing statewide and county-level directives, this proclamation further curtailed in-person services and contributed to the overarching environment of restricted business operations in Q2 2020.
- **Order Name:** Camarillo Eviction Moratorium Orders
- **Order Number:** EOC Director Order No. 20-2 (amended 04/23/2020)
- **Date Enacted:** 03/18/2020 (amended 04/23/2020)
- **Date Rescinded:** Terminated with the end of the local emergency
- **Order Summary:** Designed to protect both residential and commercial tenants from eviction due to COVID-19–induced financial hardships, this order prohibited evictions related to nonpayment of rent. It was a direct response to the economic pressure imposed by the pandemic.
- **Impact on Quarter:** While offering temporary relief, the moratorium also signaled the severe economic strain on businesses like ours, affecting overall cash flow and contributing to operational challenges during Q2 2020.
- **Order Name:** Camarillo Resolution No. 2020-63 – Temporary Outdoor Dining Program
- **Order Number:** 2020-63
- **Date Enacted:** 06/10/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This resolution allowed restaurants and similar businesses to establish temporary outdoor dining areas by waiving certain zoning requirements and fees. It was enacted as an innovative measure to enable continued operations when indoor dining was restricted.
- **Impact on Quarter:** For businesses in the food and hospitality sectors, this order provided a critical pathway to resume operations on a limited basis; however, it also underscored the fact that traditional, full-capacity operations were still curtailed during Q2 2020.

SUMMARY AND REQUEST

It is clear from the timeline above that 34213 was subject to a wide spectrum of overlapping government orders in Q2 2020. Although some orders permitted a partial reopening, the cumulative effect was a significant curtailment of normal business operations. These limitations meet the definition of a “partial suspension” under IRS guidance for ERC eligibility.

In view of the above facts and supporting order evidence, we respectfully request that the IRS reconsider and reverse the disallowance of our Q2 2020 ERC claim. The credit claimed was in full compliance with applicable law and guidance, and the orders imposed more than a nominal disruption on our business operations.

We have enclosed copies of the relevant government orders and a detailed analysis of their impact on our business as documentation for your review.

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,

[Authorized Representative Signature]

[Name of Authorized Representative]

Authorized Representative for 34213

ENCLOSURES:

- Copies of Government Orders and Relevant Excerpts
- ERC Calculations for Q2 2020
- Applicable IRS Guidance Materials
- Additional Supporting Documentation