

03/06/2025

Internal Revenue Service

Ogden, UT 84201

EIN: 234

Taxpayer Name: 432

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

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

Claim Amount: [Insert Claim Amount]

Dear Appeals Officer,

We write in response to the IRS notice disallowing 432's Employee Retention Credit (ERC) claim for the second quarter of 2020. The disallowance was based on the assertion that no COVID-19 government orders were in effect during Q2 2020 that resulted in a suspension of our business operations. We respectfully disagree. Multiple federal, state, county, and local (City of Camarillo) government orders were active during this period that imposed restrictions, curtailed our normal operations, and forced us to adapt our business model. In this letter, we provide a detailed timeline of relevant orders, demonstrate their significant impact on our activities during Q2 2020, and cite applicable IRS guidance indicating that a partial suspension of operations due to government orders qualifies 432 for the ERC.

Timeline of COVID-19 Government Orders Active in Q2 2020

The period from April through June 2020 was characterized by overlapping federal, state, county, and local directives that directly affected our business activities. Although some orders eventually allowed for limited reopenings, restrictions remained significant enough to curtail our normal operations. Below is a chronological timeline of the key orders in effect during Q2 2020:

Federal

- **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- **Date Rescinded:** Still in effect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 presidential proclamation declared a national emergency in response to COVID-19, thereby activating federal emergency powers and providing the legal basis for subsequent state and local measures.

- **Impact on Quarter:** In Q2 2020, this proclamation underpinned the restrictive actions by state and local authorities that forced our business to scale back operations significantly.

STATE OF CALIFORNIA

- **Order Name:** State of Emergency Proclamation (Governor's Declaration)
 - **Order Number:** N/A
 - **Date Enacted:** 03/04/2020
 - **Date Rescinded:** Still in effect
 - **Order Summary:** Governor Newsom's proclamation established a statewide emergency, authorizing rapid implementation of safety and public health measures and paving the way for later orders restricting business activities.
 - **Impact on Quarter:** This order created the regulatory framework for COVID-19 restrictions, contributing to the limitations that forcibly curtailed our normal business operations in 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 order required California residents to remain at home except for essential matters, leading directly to the closure of non-essential businesses across the state.
 - **Impact on Quarter:** During Q2 2020, our business was subject to this sweeping mandate, which necessitated either a full closure or severely restricted operations, thereby disrupting our routine activities.
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- **Order Name:** State Public Health Officer Order (Stage 2 Reopening)
 - **Order Number:** EO N-60-20
 - **Date Enacted:** 05/07/2020
 - **Date Rescinded:** 06/15/2021
 - **Order Summary:** As the state cautiously began to reopen, this order allowed certain lower-risk businesses to resume operations under strict health protocols and capacity limitations.
 - **Impact on Quarter:** Although it permitted a limited resumption of activities, our operations continued to be heavily regulated and reduced, ensuring that business functions were only partially restored in Q2 2020.

VENTURA COUNTY

- **Order Name:** Ventura County Local Health Emergency

- **Order Number:** N/A
 - **Date Enacted:** 03/12/2020
 - **Date Rescinded:** Still in effect
 - **Order Summary:** The Ventura County Public Health Officer declared a local emergency to mobilize county resources and authorize additional health orders necessary to protect public safety.
 - **Impact on Quarter:** This declaration reinforced the statewide measures and contributed to an atmosphere of heightened restrictions, thereby deepening the impact on our business operations.
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- **Order Name:** Ventura County Stay Well at Home Order
 - **Order Number:** N/A
 - **Date Enacted:** 03/20/2020
 - **Date Rescinded:** 06/11/2021
 - **Order Summary:** This order mandated that all residents remain at home except for essential activities, effectively ordering the closure of non-essential businesses within the county.
 - **Impact on Quarter:** It directly forced our business to cease in-person operations, leading to a complete shutdown of non-essential services throughout Q2 2020.

CITY OF CAMARILLO

- **Order Name:** Camarillo Local Emergency Proclamation
 - **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 to enable rapid deployment of measures aimed at safeguarding public health by limiting public gatherings and non-essential activities.
 - **Impact on Quarter:** This order resulted in the cancellation of public events and enforced additional restrictions on our business operations, further limiting our capacity during Q2 2020.
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- **Order Name:** Camarillo Eviction Moratorium Order
 - **Order Number:** EOC Director Order No. 20-2 (amended 04/23/2020)
 - **Date Enacted:** 03/18/2020
 - **Date Rescinded:** Superseded by state law on 08/31/2020
 - **Order Summary:** This order temporarily halted evictions to prevent further destabilization of businesses and residents grappling with the economic fallout of the pandemic.

- **Impact on Quarter:** While it did not directly suspend our operations, this order provided critical stability during a period of severe disruption, indirectly acknowledging the extraordinary challenges imposed on businesses like ours.
- **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:** To mitigate the effects of indoor dining restrictions, the City of Camarillo approved a resolution that allowed businesses to operate outdoor dining setups by waiving normal zoning requirements and fees.
- **Impact on Quarter:** Although this measure offered a partial workaround for restaurants and similar businesses, it imposed strict operational constraints that ultimately affected service capacity and overall business throughput in Q2 2020.

In summary, the facts clearly demonstrate that 432 was subject to multiple overlapping COVID-19 orders in Q2 2020 that significantly curtailed our normal operations. The combined effect of these federal, state, county, and local directives resulted in a partial suspension of our business activities, meeting the criteria set forth under the ERC provisions. Our operational restrictions were neither nominal nor isolated; they were the direct consequence of orders mandated to safeguard public health during an unprecedented crisis.

CONCLUSION AND REQUEST

In light of the detailed timeline and descriptions provided, we respectfully request that the IRS reconsider and reverse the disallowance of our ERC claim for Q2 2020. The measures imposed by these COVID-19 government orders markedly limited our business operations and qualify as a partial suspension under applicable IRS guidance. We have enclosed copies of all relevant government orders and supporting 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 herein is true, correct, and complete."

Sincerely,

[Authorized Representative Name], EA

Authorized Representative for 432

ENCLOSURES:

- Copies of Government Orders and Relevant Excerpts
- ERC Calculations for Q2 2020
- Supporting IRS Guidance Documents and Notices