



# RETAIL INDUSTRY LEADERS ASSOCIATION

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[www.rila.org](http://www.rila.org)

September 9, 2021

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi, Leader Schumer, Leader McConnell and Leader McCarthy:

America's leading retailers appreciate the hard work, dedication and bipartisan efforts Congress has demonstrated during the COVID-19 pandemic. A quick succession of decisive actions to inject liquidity into the U.S. economy and the pockets of American workers helped stabilize families and businesses and lessened the debilitating blow to our economy. With the pandemic's current surge and wavering consumer confidence legislative actions Congress takes over the next few months undoubtedly will impact U.S. economic growth, job creation, employee benefits and business investments in capital projects for the next decade.

As the sector of the economy most closely connected to the everyday lives of American families, retailers urge Congress to refrain from enacting policies that will adversely affect the workforce and threaten the recovering economy. To that end, retailers have significant concerns with the current Administration and Congressional proposals to increase the corporate tax rate. We urge Congress to consider alternative tax fairness measures before considering an increase to the corporate tax rate.

RILA strongly encourages Congress to examine the effective tax rates of all U.S. companies to ensure disparities in the current tax code that create competitive disadvantages are addressed. For too long, some of the largest corporations have paid minimal or no taxes effectively creating an unfair and uneven playing field.

In addition to the federal corporate tax rate, national retailers are also required to pay state and local taxes. Many brick-and-mortar retailers have an effective tax rate of nearly 25% making it among the highest effective tax rates of any industry, particularly relative to competitors whose rates can be in the single digits. Because of their operating model and footprint, most brick-and-mortar retailers cannot benefit from the deductions, credits and other tools that drive tax rates downwards. Every point the rate goes up increases the tax retailers pay and directly impacts their ability to compete and to invest in employees, innovation, and communities.

Increasing the corporate tax rate alone does not address companies that pay little to no tax in the United States and, in fact, allows these companies to continue to avoid U.S. taxes. Raising the rate alone also pushes the tax code further away from our shared goal of tax fairness. Therefore, we urge Congress to ensure that all companies pay at least a minimum tax before an increase in the corporate tax rate is considered.

In addition to ensuring a fairer tax code, Congress should reduce the tax gap. The difference between taxes owed and taxes paid, should be a prime focus. According to the Internal Revenue Service (IRS) Commissioner Charles Rettig, the current tax gap could be close to \$1 trillion dollars. Without a doubt hundreds of billions of legally-owed tax dollars remain uncollected. Similar to addressing the disparity between companies that pay little to no tax and those that pay the highest rates, Congress should provide the IRS with the resources to collect taxes that already are owed before it considers raising taxes on taxpayers that pay their share.

For many retailers, this year has been an opportunity to rebuild after intense disruption. Retailers invested billions in training, enhanced cleaning procedures, and safety protocols. They also stepped up to assist with drive-through COVID-19 testing sites, outreach campaigns to increase vaccination rates through education, incentives and removing any barriers. A tax increase will make these and other future investments in our stores and workforce more costly and hamper turnaround efforts for many businesses that continue to be negatively impacted by the pandemic.

Again, as Congress considers changes to the tax code, retailers strongly urge the enactment of a corporate minimum tax before an increase in the corporate tax rate is considered to ensure the code does not perpetuate an uneven tax burden across different sectors of the economy – and in some cases – competitors within an industry. We also encourage a review of the code to target abuse and tax avoidance, including non-payment of outstanding tax obligations.

America's leading retailers implore Congress to consider these policy recommendations before passing a rate increase on companies that already pay above the current statutory rate and whose operations will bear the brunt of an increase that will certainly impact their recovery and growth and the 52 million workers they support.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Hanson", with a long horizontal line extending to the right.

Michael Hanson  
Senior Executive Vice President, Public Affairs

