

# Gap Inc.

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June 12, 2015

The Honorable Jason Chaffetz  
United States House of Representatives  
2236 Rayburn House Office Building  
Washington, DC 20515

The Honorable Steve Womack  
United States House of Representatives  
1119 Longworth House Office Building  
Washington, DC 20515

Dear Representatives Chaffetz and Womack,

On behalf of Gap Inc, I am writing today to offer our strong support of the Remote Transaction Parity Act of 2015 (RTPA). This legislation, which would provide a level playing field for all sellers with respect to the collection of state sales taxes, is the product of an inclusive and thoughtful process and unites a wide and diverse range of stakeholders seeking to restore free market competition and transparency to America's marketplace.

Gap Inc is a leading global retailer offering clothing, accessories, and personal care products for men, women, and children under the Gap, Banana Republic, Old Navy, Athleta, and Intermix brands. Our fiscal year 2014 net sales were \$16.4 billion.

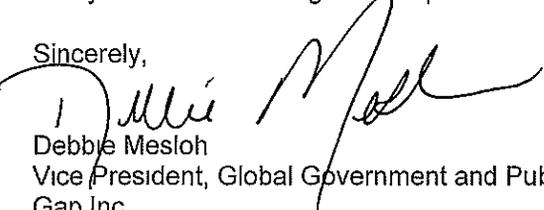
We agree that the collection of online sales taxes must be based on destination sourcing. This approach is necessary to solve the key problem of price disparity at the point of purchase that is unfairly impacting community-based brick and mortar businesses. Destination sourcing ensures that residents will continue to pay the sales taxes of the state in which they reside, rather than to some state they have no affiliation with and which may carry a higher sales tax rate than their own home state does. Destination sourcing is essential because it will provide for smooth integration into current sales and use tax collection processes, allowing merchants to utilize a multitude of compliance software options already in existence.

RTPA requires several important simplification and business protections, such as single point of collection, a uniform sales and use tax base and free certified software solutions for sellers. RTPA also includes additional safeguards not found in other bills or discussion drafts such as expanded audit protections and a longer transition period for smaller sellers with a higher initial threshold. These provisions will ensure that businesses are shielded from state regulatory overreach while providing certainty for all sellers to compete on a level playing field.

Digital commerce is becoming more prominent in our retail sales and the tax law should not discriminate based on what channels products are distributed.

I want thank you again for your leadership in helping to create consensus and a legislative product that has robust support by the majority of stakeholders who have been working to bring this issue to a workable solution for many years. We look forward to working with you to see the Remote Transaction Parity Act of 2015 through to completion this year.

Sincerely,

  
Debbie Mesloh  
Vice President, Global Government and Public Affairs  
Gap Inc.