

**Intergovernmental Negotiating Committee on the  
UN Framework Convention on International Tax Cooperation  
Workstream II  
Co-Lead's Issues Note**

**Czechia's Written Comments**

***Abstract***

Czechia appreciates the opportunity to provide written comments on the Issues Note prepared by the Workstream II Co-lead and commends the efforts of both the Co-lead and the Secretariat. Czechia's taxation of services primarily aligns with the OECD Model Tax Convention, and any proposed solutions should respect this possibility. Regarding Protocol I, Czechia supports a clearly defined scope through enumeration of covered services using established language to enhance legal certainty. Protocol I, however, should remain distinct from any protocol dealing with the taxation of the digitalized economy as outlined in paragraph 16 of the Terms of Reference. Given the complexity of the issues addressed by Workstream II, Czechia advocates for a thorough analysis of taxable services, nexus options, and their economic implications to support informed decision-making by the INC.

***General comments***

Czechia welcomes the opportunity to comment in writing on the Issues Note of the Workstream II's Co-lead. We would like to thank the Co-lead and Secretariat for their work, effort, and preparation of the documents.

Czechia's general system of taxation of services follows the OECD's Model Tax Convention's approach. Therefore, unless there is a change in our approach, it is important that any solution stemming from the Workstream II respects our current approach to the taxation of services.

As regards the scope of Protocol I, it seems sensible to us to specifically enumerate services covered by the protocol to increase legal certainty. This could be done ideally by using already agreed upon language. However, the scope of Protocol I is limited by paragraph 16 of the ToR that specifies taxation of the digitalized economy as a separate topic for a protocol. Hence, Protocol I should not overlap with this topic.

Given the sheer complexity of the problem that Workstream II is supposed to deal with, we would support conducting a rigorous analysis of what are all possible services that could be taxed, and what are pros and cons of possible nexus and approaches to taxation of services, and what are their economic impacts. This would allow the INC to take an informed decision about impacts of possible solutions.