GSTAT

Court No. Court I

APL/55/AGR/2026

HARIVANSH SHEKHAR **.....Appellant**

Versus

PROP, 0 BELA ROAD BIDHUNA ARYA NAGAR UPAUR 206243 , K.G.N STAINLESS STEEL **.....Respondent**

Counsel for Appellant **Counsel for Respondent**

Hon'ble Ajeet Singh, Member(Judicial)
Hon'ble Vivek Kumar, Member (Technical)

ORDER

Per. Ajeet Singh (Judicial Member)

ORDER

(Passed on 11th day of August 2026)

Being dissatisfied by the order dated 14.06.2023 passed by Additional Commissioner Gr-II-first, State Tax, Jhansi, in appeal no AD090923025289P/2023, State of U.P/ Department of Revenue has preferred this appeal u/s 112(3) of Uttar Pradesh Goods and Services Tax Act 2017 (for brevity "UPGST Act"). Whereby, first appellate Authority has allowed the respondent's appeal and abolished the penalty of Rs.59,488/- imposed by proper officer u/s 129 of CGST/UPGST Act.

Learned departmental Representative has been heard on admissibility of the appeal.

When the matter was called out for preliminary hearing on maintainability, the bench invited attention of the learned departmental representative to the disputed monetary amount Rs.59,488/- involved in the present appeal and the statutory policy governing non-filing of appeals by the department below the prescribed monetary threshold limit.

As per the memorandum of the appeal filed by the department, the quantum of disputed demand involve in the appeal is as under-

Disputed tax amount—NIL

Disputed interest amount – Nil

Disputed Penalty amount- Rs. 59,488/-

Total Amount in dispute- Rs. 59,488/-

Section 120(1) of the UPGST/CGST Act, 2017 empowers the Central board of indirect taxes and customs (CBIC)/ State government on the recommendations of GST council to issue orders or instructions fixing monetary limit for the purpose of regulating the filing of appeals or applications by tax officers.

In pursuance of the recommendation of 53rd GST Council meeting CBIC has issued circular no. 207/1/2024-GST dated 26th June 2024 and corresponding to such circular state of UP/Commissioner commercial tax has also issued the circular which is reproduced here –

Circular No. 2425008 Office of the Commissioner, State Tax, Uttar Pradesh (GST Section)

Letter No. GST/2024-25/76/State Tax Lucknow, Dated: 05 July 2024

Office of the Commissioner, State Tax, Uttar Pradesh, *(GST Section)*

Letter No. ***GST/2024-25/76****/State* ***Tax***

Lucknow: Dated: 05 July, 2024

Subject: Reduction of Government Litigation — fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court *- reg.*

Reference is invited to the National Litigation Policy which was conceived with the aim of optimizing the utilization of judicial resources and expediting the resolution of pending cases. It underscores the importance of prudent litigation practices by establishing thresholds for filing appeals in Revenue matters. Specifically, the Policy mandates that appeals should not be pursued when the amount involved is below a specified monetary limit set by Revenue authorities. Furthermore, it discourages filing appeals in cases where established precedents from Tribunals and High Courts have settled the matter and have not been contested in the Supreme Court.

1.1 Section 120 of the Uttar Pradesh Goods and Services Tax Act, 2017 (hereinafter referred as "the UPGST Act") provides for power to the Commissioner for fixing the monetary limits for filing of appeal or application by the tax authorities as below:

"120. Appeal not to be filed in certain cases -

- *The Commissioner may, on the recommendations of the Council, from time to time, issue orders or instructions or directions fixing such monetary limits, as he may deem fit, for the purposes of regulating the filing of appeal or application by the officer of the State tax under the provisions of this*

Chapter.

(2) Where, in pursuance of the orders or instructions or directions issued under

subsection (1), the officer of the State tax has not filed an appeal or application against any decision or order passed under the provisions of this Act, it shall not preclude such officer of the State tax from filing appeal or application in any other case involving the same or similar issues or questions of law.

(3) Notwithstanding the fact that no appeal or application has been filed by the officer of the State tax pursuant to the orders or instructions or directions issued under sub-section (1), no person, being a party in appeal or application shall contend that the officer of the State tax has acquiesced in the decision on the disputed issue by not filing an appeal or application.

(4) The Appellate Tribunal or court hearing such appeal or application shall have regard to the circumstances under which appeal or application was not filed by the officer of the State tax its pursuance of the orders or instructions or directions issued under sub section (1).”

2. *Accordingly, in exercise of the powers conferred by Section 120 of the UPGST Act read with section 168 of the UPGST Act, the Commissioner, on the recommendations of the CGST Council, fixes the following monetary limits below which appeal or application or Special Leave Petition, as the case may be, shall not be filed by the State Tax officers before (Goods and Service Tax Appellate Tribunal (GSTAT), High Court and Supreme Court under the Provisions of UPGST Act, subject to the exclusions mentioned in para 4 below:*

Appellate Forum	*Monetary Limit (amount involved in Rs.)*
GSTAT	*20,00,000/-*
High Court	*1,00,00,000/-*
Supreme Court	*2,00,00,000/-*

3. *While determining whether a case falls within the above monetary limits or not, the following principles are to be considered:*

- *Where the dispute pertains to demand of tax (with or without penalty and/or interest), the aggregate of the amount of tax in dispute (including CGST. UPGST, 1(AST and Compensation Cess) only shall be considered while applying the monetary limit for filing appeal.*
- *Where the dispute pertains to demand of interest only, the amount of interest shall be considered for applying the monetary limit for filing appeal.*
- *Where the dispute pertains to imposition of penalty only, the amount of penalty shall be considered for applying the monetary limit for filing appeal.*
- *Where the dispute pertains to imposition of late fee only, the amount of late fee shall be considered for applying the monetary limit for filing appeal.*
- *Where the dispute pertains to demand of interest, penalty and/or late fee (without involving any disputed tax amount), the aggregate of amount of interest, penalty and late fee shall be considered for applying the monetary limit for filing appeal.*
- *Where the dispute pertains to erroneous refund, the amount of refund in dispute (including CGST, UPGST, IGST and Compensation Cess) shall be considered for deciding whether appeal needs to be filed or not.*
- *Monetary limit shall be applied on the disputed amount of tax/interest/penalty/late fee, as the case may be, in respect of which appeal or application is contemplated to be filed in a case.*
- *In a composite order which disposes more than one appeal/demand notice, the monetary limits shall be applicable on the total amount of tax/interest/penalty/late fee, as the case may be, and not on the amount involved in individual appeal or demand notice.*

4. *EXCLUSIONS*

Monetary limits specified above for filing appeal or application by the department before GSTAT or High Court and for filing Special Leave Petition or appeal before the Supreme Court shall be applicable in all cases, except in the following circumstances where the decision to file appeal shall be taken on merits irrespective of the said monetary limits:

- *Where the matter is related to -*
- *Where any order, notification, instruction, or circular issued by the Government or the Board has been held to be ultra vires of the CGST Act or UPGST Act or IGST Act or GST (Compensation to States) Act or the Rules made thereunder; or*
- *Where any Rules or regulations made under CGST Act or UPGST Act or IGST Act or GST (Compensation to States) Act have been held to be ultra vires the parent Act; or*
- *Where any provision of the CGST Act or UPGST Act or IGST Act or GST (Compensation to States) Act has been held to be ultra vires to the Constitution of India; or*
    - *Valuation of goods or services; or*
    - *Classification of goods or services; or*
    - *Refunds; or*
    - *Place of Supply; or*

- *Any other issue,*

which is recurring in nature and/or involves interpretation of the provisions of the Act /the Rules/ notification/circular/order/instructions etc; or

- *Where structures/adverse comments have been passed and/or cost has been imposed against the Government/Department or their officers; or*
- *Any other case or class of cases, where in the opinion of the Commissioner, it is necessary to contest in the interest of justice or revenue*

5. It is pertinent to mention that an appeal should not be filed merely because the disputed tax amount involved in a case exceeds the monetary limits fixed Filing of appeal in such cases is to be decided on merits of the case. The officers concerned shall keep in mind the overall objective of reducing unnecessary litigation and providing certainty to taxpayers on their tax assessment while taking a decision regarding filing an appeal.

6. Attention is drawn to sub-sections (2), (3) & (4) of section 120 of the UPGST Act, which provide that in cases where it is decided not to file appeal in pursuance of these instructions, such cases shall not have any precedent value. In such cases, the Reviewing Authorities shall specifically record that "even though the decision is not acceptable, appeal is not being filed as the amount involved is less than the monetary limit fixed by the Commissioner "

- *Non-filing of appeal based on the above monetary limits, shall not preclude the tax officer from filing appeal or application in any other case involving the same or similar issues in which the tax in dispute exceeds the monetary limit or case involving the questions of law.*
- *Further, it is re-iterated that in such cases where appeal is not filed solely on the basis of the above monetary limits, there will be no presumption that the Department has acquiesced in the decision on the disputed issues in the case of same taxpayers or in case of any other taxpayers. Accordingly, in case any prior order is being cited or relied upon by the taxpayer, claiming that the same has been accepted by the Department, it must be checked as to whether such order was accepted only on account of the monetary limit before following them in the name of judicial discipline.*

Also, in respect of such cases where no appeal is filed based on the monetary limit, the Departmental representatives/counsels must make every effort to bring to the notice of the GSTAT or the Court, as the case may be, that the appeal in such cases was not filed only for the reason of the amount of the tax in dispute being less than the specified monetary limit and, therefore, no inference shall be drawn that the decisions rendered therein were acceptable to the Accordingly, they should draw the attention of the GSTAT or the Court towards the provisions of sub-section (4) of section 120 of the UPGST Act, 2017 as reproduced in para 1.1 above.

7. The above may be brought to the notice of all concerned.

8. Difficulties, if any, in implementation of this circular may be informed to the Undersigned.

By Order,

-Sd-

Commissioner, State Tax, U.P.

Joint Commissioner (GST) State Tax HQ, Lucknow.

In view of above noted circular issued by Commissioner, State Tax, UP. A threshold Monetary limit to file appeal before GSTAT by department has been fixed as ? 20 Lakhs and for which explicit object for prescribing such limit is to reduce litigation, optimize the utilization of judicial resources and to provide certainty to taxpayers in low quantum revenue matters. However, there are certain exceptions or exclusions in which departmental appeal to GSTAT can be filed irrespective of disputed amount or threshold monetary limits. Such exceptions are as under

- Challenge to the constitutional validity/ vires of any provision, rule, notification or circular.
- Matters involving significant interpretative issues or classification and valuation disputes having recurring effects across multiple taxpayers.
- Cases where adverse remarks or stricture have been passed or cost imposed on the department or its officers.
- Directives from the state tax Commissioner that appeal to be contested in the interest of justice and revenue despite its monetary threshold limits.

This Bench specifically queried learned departmental representative whether the present matter falls within any of the given exceptions to the monetary threshold policy. Learned departmental representative has fairly admitted that disputed amount being Rs. 59,488/- only is much below the ? 20 lakh and the issue involved does not fall under first three exceptions given in the circular. However, he has submitted that appeal has been filed on the directions issued by Deputy Commissioner, State Tax, U.P and thus, it may be covered with fourth clause of recognized exception.

Learned departmental representative has drawn the attention of the bench to the verification clause of APL-05 which has been annexed on separate paper. According to such verification, state officer Assistant Commissioner has been directed to submit this appeal and he has verified the facts of the appeal only. From appellant side neither special directions have been shown nor submitted with the appeal by which this bench would in position to assume that Commissioner has given specific directions for filing this lower quantum appeal either in the interest of justice or revenue. Therefore, arguments raised by learned departmental representative is not convincing enough.

In view of mandate of section 120 UPGST Act, 2017 read with applicable above-mentioned government notification fixing the monetary threshold limit of ? 20 lakh for GSTAT appeals, department is precluded

from prosecuting this appeal.

Consequently, the present appeal is not mentionable on the preliminary ground of monetary threshold limit alone and the same is liable to be dismissed *In limine* without delving into the legal or factual merit of the case.

However, it is made clear that in terms of precedent protection clause given in section 120 UPGST/CGST, act itself that the dismissal of this appeal on account of monetary threshold limit shall not be construed as an acceptance of the merit of impugned order by the department.

Therefore, in the light of above findings the appeal filed by Uttar Pradesh, State Tax Department is hereby dismissed *in limine* as being below the prescribed monetary threshold limit.

There is no pending interim application in the appeal.

Order is pronounced in open court on this day of 11th August 2026.

Copy of order be communicated to all concerned, as per rules.

(Ajeet Singh)

Per. Vivek Kumar (Technical Member)

The present appeal has been listed for admission. Based on the listing, the appeal came up for hearing on 06-08-2026. The appeal has been registered by the Registry as being free of defects. As per verification, the presenting officer, Sh. Harivansh Shekhar has been authorized by the Commissioner to file the appeal. The appeal involves a disputed amount of Rs. 59,488/-.

I am unable to agree with the decision taken by my learned colleague, not to admit the matter for hearing. This is because the Tribunal possesses extremely limited discretionary power in this regard under Sub-section (2) of Section 112 of the CGST Act. The provisions of Sub-section (2) of Section 112 are as follows:

"The Appellate Tribunal may, in its discretion, refuse to admit any such appeal where the tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined by such order, does not exceed fifty thousand rupees."

Therefore, in my view, the admission of the appeal can be refused only in the following cases:

1. The appeal is defective, and the appellant has failed to rectify the defect despite being given adequate opportunity.
2. The appeal has been filed with a delay, and the delay has not been found condonable.

iii. Under Section 112(2), the disputed tax amount does not exceed Rs. 50,000.

None of the three aforementioned situations apply to the present appeal. Therefore, the admission of the appeal cannot be refused.

As regards the inherent powers of the Tribunal, it is a quasi-judicial body constituted under an Act passed by Parliament namely CGST Act2017. The GSTAT can function only within the scope of powers conferred by the CGST Act, 2017. The powers of the Tribunal differ from those of civil or judicial courts. For the purpose of discharging its function, the Tribunal has been granted limited powers of a civil court in certain matters under Section 111(2). Rule 10 of the GSTAT (Procedure) Rules provides the Appellate Tribunal with inherent powers to issue orders or directions necessary to meet the ends of justice or to prevent abuse of the Appellate Tribunal's process.

Even in a small matter, if the Commissioner is of the view that the case is significant from a revenue perspective, the filing of an appeal by an officer authorized by him cannot be termed an abuse of process. In my view, the appeal merits admission in the interest of justice and should be decided on its merit after affording the parties a reasonable opportunity being heard.

As regards Circular No. 76 dated 05-07-2024 issued by the Commissioner of State Tax, it generally directs that appeals should not be filed before the Tribunal in cases where the disputed amount is less than ?20 lakhs. However, Paragraph 4 of the said circular specifies instances where this monetary limit does not apply. Sub-clause (vi) of this paragraph reads as follows:

vi - Any other case or class of cases, where in the opinion of the Commissioner, it is necessary to contest in the interest of justice or revenue.

Accordingly, the subordinate officer has been authorized to file the appeal based on the Commissioner's opinion. There is no dispute involved regarding the Commissioner's opinion in the appeal, nor has the respondent raised any objection in this regard.

This is a settled principal of law that the Appellate Tribunal is a final fact-finding body and therefore should examine the facts as well as the legal position before pronouncing the final outcome.

In view of the aforesaid facts, the appeal is admitted for hearing.

Issue notices for the hearing to both parties.

The respondent may submit a counter-argument within 4 weeks, and subsequently, the appellant may submit a rejoinder within 2 weeks.

List the matter for hearing in the last week of September.

(Vivek Kumar)

(Ajeet Singh)

(Vivek Kumar)

Dated: 11.08.2026