GSTAT

State Bench Prayagraj

Division Bench Court No. Court I

APL/14/ALB/2026

JAI SINGH YADAV **.....Appellant**

Versus

M/S RAJ KUMAR AJAY KUMAR, PROPRIETOR, 354/A NEAR BHOLEGIRI MANDIR KATGHAR ROAD MUTTHIGANJ UPALL 211003 **.....Respondent**

Quorum

Hon'ble Mahtab Ahmad, Member(Judicial)
Hon'ble Ashish Varma, Member (Technical)

Counsel for Appellant
VIBHA MISHRA, DC/SR STATE TAX
SHRI ANIL NIRMAL, AC/ASR STATE TAX

Counsel for Respondent
None

ORDER

DATE OF HEARING & ORDER ON MAINTAINABILITY: 15th OCTOBER, 2026

Appeal called out for hearing. Smt. Vibha Mishra, Deputy Commissioner (SR) assisted by Shri Sunil Nirmal, Assistant Commissioner (ASR) are present for appellant revenue. None is present for respondent, though notice to the respondent was sent through portal.

2. We proceed to hear on the issue of maintainability of appeal in view of provisions Section 120(1) of the CGST Act / UPGST Act, 2017 and relevant Circulars issued by Revenue authorities and accordingly heard the learned SR assisted by ASR and peruse the record.

3. The instant appeal has been preferred by the Revenue (State Tax Department) challenging Order-in-Appeal No. AD0911230748207 dated 05.02.2024 passed by the Additional Commissioner Grade-2 (Appeals)-I, State Tax, Prayagraj for Financial Year 2017–18. Upon scrutiny of the record, it is observed that the total demand involved in the impugned order comprises tax component of Rs. 36,248/- (CGST Rs. 18,124/- + SGST Rs. 18,124/-),

penalty of Rs. 20,000/-, and interest of Rs. 35,734/-, aggregating to a total disputed demand of **91,982/-**.

4. Section 120(1) of the Central Goods and Services Tax Act, 2017 (CGST Act) read with Section 120(1) of the Uttar Pradesh Goods and Services Tax Act, 2017 (UPGST Act) and Section 168 of the CGST Act empowers the Board / Commissioner of State Tax, on the recommendations of the GST Council, to fix monetary limits for regulating the filing of appeals or applications by tax officers. In pursuance of these statutory provisions:

a. The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 207/1/2024-GST dated 26th June 2024 (F. No. CBIC-20001/4/2024-GST), fixing a monetary threshold limit of **20,00,000/-** for filing departmental appeals before the GST Appellate Tribunal (GSTAT).

b. The Commissioner of State Tax, Uttar Pradesh adopted the said monetary threshold of **Rs. 20,00,000/-** for GSTAT UP Benches vide Letter No. GST/2024-25/76/State Tax Lucknow dated 05th July 2024, reaffirmed vide UPGST Circular No. पत्र संख्या वा0 अनु0/परिपत्र/2026-27/252 dated 22nd May 2026.

5. The threshold legal question before this Tribunal is whether the Revenue's appeal is maintainable and fit for admission, given that the total disputed monetary demand of Rs. 91,982/- falls well below the prescribed statutory limit of Rs. 20,00,000/-.

6. To resolve this threshold issue, the Tribunal has meticulously examined Paragraph 4 of CBIC Circular No. 207/1/2024-GST dated 26th June 2024 read with Paragraph 4 of UPGST Circular No. 252 dated 22nd May 2026. Paragraph 4 explicitly provides an **Exclusion Clause** containing specific exceptions where departmental appeals shall be filed and decided on merits irrespective of the monetary limits. Specifically:

- **Paragraph 4(iv)(e)** excepts cases involving “any other issue, which is recurring in nature and/or involves interpretation of the provisions of the Act / Rules / notification / circular / order / instruction etc.”

- **Paragraph 4(vi)** excepts "any other case or class of cases, where in the opinion of the Board / Commissioner, it is necessary to contest in the interest of justice or revenue."

7. On perusal of the record and the established departmental procedures as laid out at pages 29 and 30 of the Memorandum of Appeal, the Tribunal finds that the decision to file this appeal was taken by the competent Zonal Law Committee after due scrutiny under the guidelines issued vide Circular No. 252 dated 22nd May 2026. The committee evaluated the first appellate order and recorded well-reasoned grounds as follows:

> **I. Assessment Summary:** *The trader accepted total freight expenditure of* ₹17,35,130.00 *for the GST period. Out of this, tax under RCM was deposited on* ₹10,10,180.00 *for the period from July 2017 to October 2017. However, tax liability was denied on freight amounting to* ₹7,24,950.00 *for November 2017 to March 2018. Pursuant to UP Notification No. 1.2.844/XI-9(47)/17-U.P. Act-1-2017 Order-(11)-2017 dated 30.06.2017 and Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017 under GTA services, tax @ 5% along with interest and penalty was imposed on* ₹7,24,950.00 *under RCM vide Order u/s 73(9) dated 11.10.2023.*
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> **II. Defect in First Appellate Order:** *The First Appellate Authority set aside the tax, interest, and penalty imposed by the adjudication order by relying on Notification No. 8/2017 dated 28.06.2017 and Notification No. 38/2017 dated 13.10.2017 issued under* Section 9(4) *of the GST Act, which is not proper.*
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> **III. Core Legal Ground:** *The tax assessment was conducted under GTA services on the basis of Notification No. 13/2017 issued under* Section 9(3)*, whereas the Appellate Authority granted exemption based on Notification No. 8/2017 issued under* Section 9(4) *(which was suspended w.e.f. 13.10.2017). The said Section 9(4) notification provides for tax liability under RCM on purchases made by a registered person from an unregistered person'*

(paraphrased and emphasis added)

8. On examining the Zonal Law Committee's decision, the Tribunal finds the appeal was approved seeking answer to two key questions of law: (i) whether a Section 9(4) exemption notification can extinguish an active Section 9(3) RCM liability, and (ii) the recurring nature of this statutory interpretation issue across pending assessments.

9. Consequently, the Tribunal holds that the Revenue has strictly followed the established statutory procedures and instructions under Section 120 of the Act. The present case squarely falls within the exception/exclusion clauses of Paragraph 4 of CBIC Circular No. 207/1/2024-GST dated 26th June 2024 and State Tax Circular No. 252 dated 22nd May 2026. Therefore, the appeal is fully maintainable despite the monetary demand being below Rs. 20,00,000/-.

ORDER

In view of the foregoing findings, Revenue's Appeal No. APL/14/ALB/2026 is found maintainable and issue of maintainability is decided in the favour of Appellant. And the appeal is proceeded for adjudication on merits. The registry is directed to issue a fresh notice to the parties fixing 05.11.2026 for reply by the respondent/taxpayer and 18.11.2026 for the hearing on merit.

2. Put up on 18.11.2026 for hearing.

(Mahtab Ahmad)

(Ashish Varma)

Dated: 15.10.2026