

GST Appeal Pre-deposit Rules Clarified (2026): Circular No. 259/05/2026-GST

Description

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Quick summary

- Circular No. 259/05/2026-GST, dated 26/10/2026, clarifies how the 10% pre-deposit for a GST appeal is calculated, and resolves confusion that had led to inconsistent practice and extra litigation.
- The “admitted amount” (the part of the demand the taxpayer accepts) must be paid in full before an appeal is filed; the 10% pre-deposit applies only to the remaining “tax in dispute,” and this split is the taxpayer’s own choice, recorded in the appeal form.
- At the Appellate Tribunal stage, the 10% pre-deposit is computed on the amount confirmed by the Appellate Authority, not the original demand - so a partly-successful first appeal reduces the base for the second deposit.
- A favourable order does not need to explicitly say the pre-deposit will be refunded - the refund is claimed separately under “on account of order” in Form GST RFD-01, and cannot be withheld merely because the Department is considering a further appeal.
- Where a matter is remanded, the pre-deposit is refunded, but if only part of the demand is upheld on remand, the refund is released only after the confirmed portion is first recovered or adjusted against it.

Filing a GST appeal is not free - a mandatory pre-deposit has to be paid first, and working out exactly how much has been a genuine source of confusion and inconsistent practice across field offices. Circular No. 259/05/2026-GST, dated 26 October 2026, settles six specific questions on this.

New to terms such as “admitted amount” or “tax in dispute”? See the technical terms explained in simple words further down.

At a glance

- **Circular:** No. 259/05/2026-GST, GST Policy Wing, CBIC, dated 26 October 2026.
- **Issued under:** section 168(1) of the CGST Act.
- **Covers:** the pre-deposit under section 107(6) (first appeal, to the Appellate Authority) and section 112(8) (second appeal, to the Appellate Tribunal).
- **Why it was needed:** varying interpretations across field formations on what counts as the base for the

10% pre-deposit, leading to disputes and extra litigation.

The basic rule

To file an appeal:

- **To the Appellate Authority (section 107(6)):** pay the full **admitted amount** of tax, interest, fine, fee and penalty, plus **10% of the remaining tax in dispute**.
- **To the Appellate Tribunal (section 112(8)):** the same again - full admitted amount plus 10% of the remaining tax in dispute - **in addition to** whatever was already paid for the first appeal.

Admitted amount versus tax in dispute

Term	Meaning
Admitted amount	The portion of the tax, interest, fine, fee or penalty from the impugned order that the taxpayer accepts as payable, and does not intend to contest by appeal. Must be paid in full before filing.
Tax in dispute	The remaining, contested portion of the liability, against which the appeal is actually filed. Only this portion attracts the 10% pre-deposit.

The taxpayer decides this split, at the time of filing the appeal - it is recorded in Table 14 of FORM GST APL-01 (or Table 20 of FORM GST APL-05, for an appeal direct to the Tribunal).

How the deposit is recalculated at Tribunal stage

If the Appellate Authority modifies the original demand - say, confirms a lower amount than the department originally raised - and the taxpayer wants to go further to the Appellate Tribunal, the **10% pre-deposit for that second appeal is computed on the amount confirmed by the Appellate Authority**, not the department's original figure. A partly successful first appeal therefore reduces the base for the second pre-deposit.

Refunds of pre-deposit: four clarified points

1. **No explicit mention needed.** An order in the taxpayer's favour does not need to state that the pre-deposit must be refunded - the taxpayer separately files a refund claim, choosing the category **"on account of order"** in FORM GST RFD-01.
2. **A pending departmental appeal does not block the refund.** If the Appellate Authority or Tribunal rules in the taxpayer's favour and the department is considering, or has filed, a further appeal, the refund ofpre-deposit is still payable - **unless** the favourable order has actually been stayed by a higher forum orcourt.
3. **Interest runs separately for each stage.** Since pre-deposit is paid separately at the Appellate Authority stage and the Tribunal stage, the date for computing interest on a refund is the actual date each specific payment was made, not a combined date.
4. **Remand cases:** where the Appellate Tribunal sends the matter back to the original Adjudicating Authority, the pre-deposit is refundable. Where only part of the demand is upheld on remand, the refund is released **only after** the confirmed portion is first recovered or adjusted against the pre-deposit, along with applicable interest - the balance alone goes back to the taxpayer.

How CSM & Co LLP can help

Getting the admitted-versus-disputed split right at the time of filing an appeal avoids both an under-deposit (which can delay admission) and tying up more working capital than necessary - please reach out to our team and we will be happy to assist with appeal filing and pre-deposit computation.

Technical terms explained in simple words

Term	What it means
Pre-deposit	A partial, mandatory payment of the disputed tax amount that must be made before a GST appeal is admitted for hearing.
Admitted amount	The part of a tax demand the taxpayer accepts and does not intend to contest.
Tax in dispute	The contested part of a tax demand that the taxpayer intends to appeal against.
Appellate Authority	The first level of appeal against an adjudication order under GST.
Appellate Tribunal	The second level of appeal, above the Appellate Authority.
FORM GST RFD-01	The standard application form used to claim any GST refund, including a pre-deposit refund.

Frequently asked questions

What is the pre-deposit required to file a GST appeal?

Under section 107(6) of the CGST Act, an appeal to the Appellate Authority needs full payment of the "admitted amount" (tax, interest, fine, fee and penalty the taxpayer accepts) plus 10% of the remaining

"tax in dispute." A further appeal to the Appellate Tribunal under section 112(8) needs the same treatment, in addition to what was already paid for the first appeal.

What is the difference between "admitted amount" and "tax in dispute"?

The admitted amount is the portion of the demand the taxpayer is not contesting and must pay in full. The tax in dispute is the portion the taxpayer intends to appeal against, and only this portion attracts the 10% pre-deposit.

Who decides how much of a demand counts as "admitted" versus "in dispute"?

The taxpayer, at the time of filing the appeal - this choice is recorded in Table 14 of FORM GST APL-01 (or Table 20 of FORM GST APL-05 for a Tribunal appeal).

How is the pre-deposit recalculated if the Appellate Authority partly reduces the demand?

If the taxpayer then appeals to the Appellate Tribunal, the 10% pre-deposit for that second appeal is computed on the liability as confirmed by the Appellate Authority, not the original demand raised by the department.

Does a refund order need to specifically say the pre-deposit will be refunded?

No. The order does not need to mention it explicitly - the taxpayer separately files a refund claim under category "on account of order" in FORM GST RFD-01 once the order is in their favour.

Can the department refuse to refund a pre-deposit just because it is planning to appeal further?

No, unless a higher forum has actually stayed the favourable order. The circular is explicit that a refund cannot be denied merely because the department intends to or has filed a further appeal.

Official sources

- CBIC - GST Circulars (CGST)
- GST Portal

Related reading

- GST Show Cause Notices and Adjudication Orders (2026): What Circular No. 258/04/2026-GST Changes for Taxpayers
- GST Litigation Management (2026): ?10,000 Notice Threshold, Penalty as a Charge and Reduced Penalties
- 57th GST Council Meeting (October 2026): Arrest Powers Removed, Faster Refunds and Wider ITC

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Date
25/11/2026
Date Created
26/10/2026
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