



A NOTE ON

Transition Management of GST Appellate Tribunal (GSTAT)

June 2026

By

Coalition for the GSTAT in India



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About the Coalition for GSTAT

The **GSTAT Coalition India** has brought together experts from various domains – lawyers, chartered accountants, economists, policymakers and administrators – to advocate for the speedy constitution of, and development of an inclusive and shared imagination of a modern, digital GSTAT of global standards.

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The Coalition has been convened by DAKSH, a civil society organisation working on law and justice system reforms, and the accountability and transparency of institutions. For more details, visit www.dakshindia.org

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AI Disclosure: The authors affirm that AI was used only for editorial assistance and that all content presented is original and takes full responsibility for the work.

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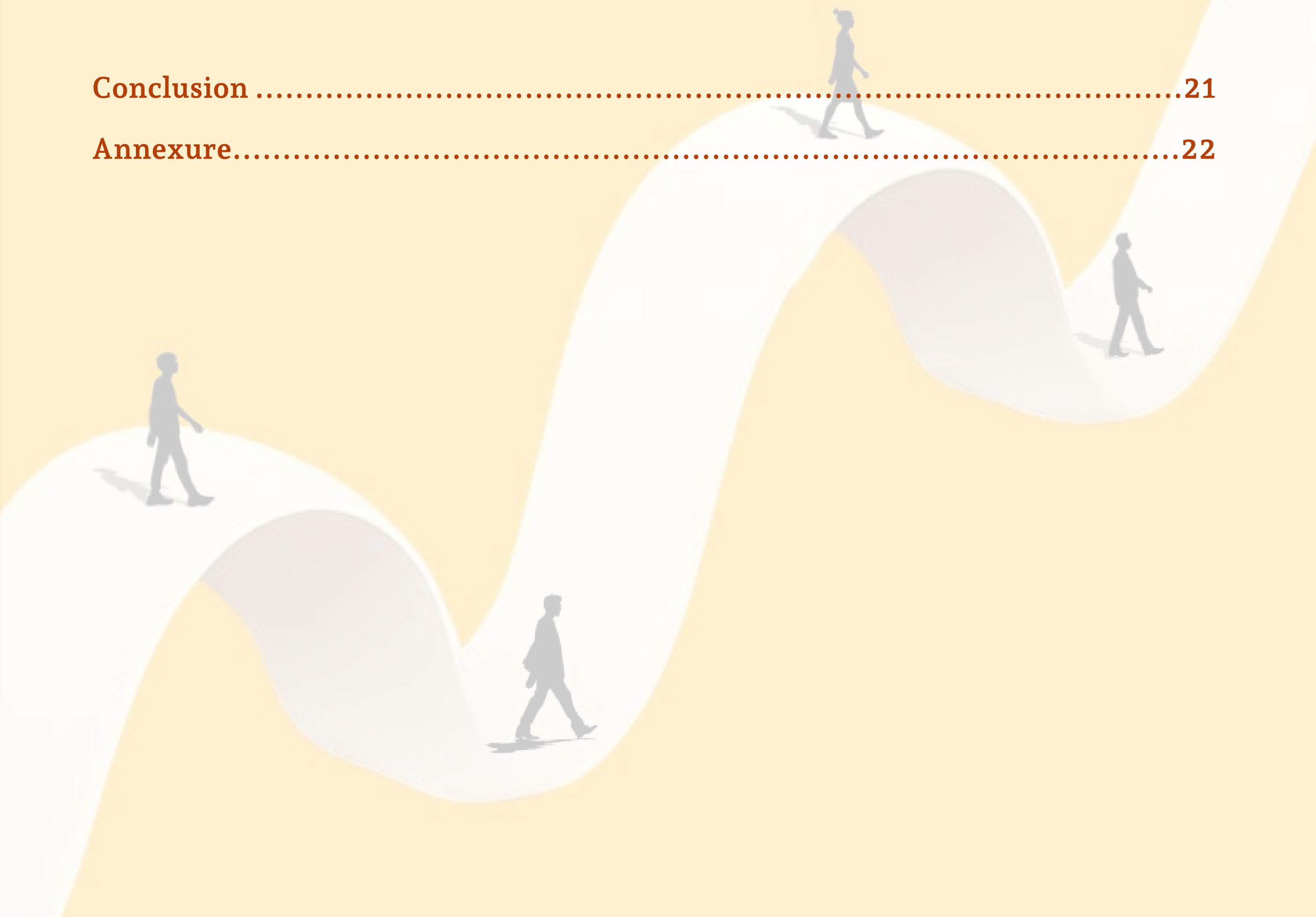
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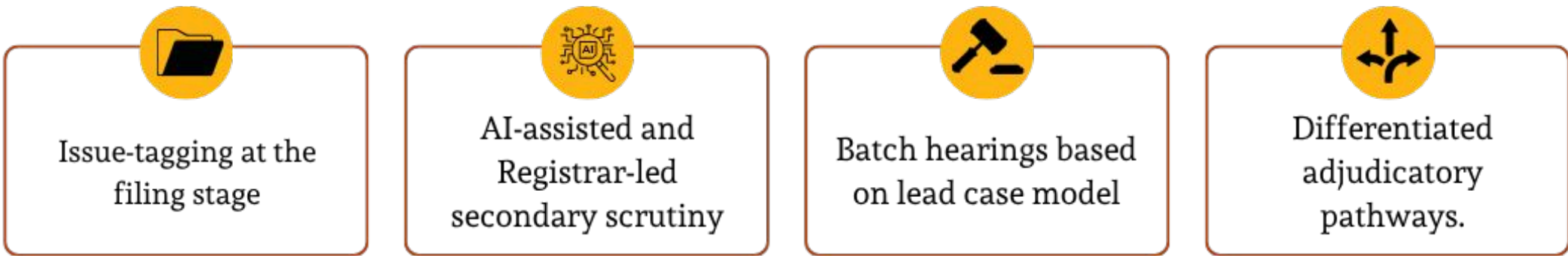
Executive Summary

The operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT) marks a major institutional milestone in India’s GST framework. However, GSTAT is expected to commence operations under unprecedented litigation pressure. As of May 2026, an estimated six lakh GST disputes may potentially enter the appellate ecosystem, alongside a continuing annual inflow of fresh disputes arising from audits, investigations, reconciliations, and data-driven compliance scrutiny. This combination of accumulated stock and continuing future inflow presents a structural challenge for the GSTAT at the inception stage itself. If managed through conventional adjudicatory processes alone, the Tribunal risks inheriting systemic backlog, prolonged litigation cycles, and fragmented jurisprudence. At the same time, the nature of many GST disputes presents an opportunity to design GSTAT as a modern, coordinated, high-throughput adjudicatory institution. This note proposes a transition-management framework centred on intelligent case triage and selective dispute-resolution mechanisms.

Triage-Based Institutional Design

The central recommendation of this note is the institutionalisation of a layered triage framework for case management by the GSTAT. This would mean that all disputes are not handled identically. Instead, they are be categorised and channelled into different adjudicatory pathways based on their nature and complexity, thereby enabling the Tribunal to allocate judicial resources more efficiently. The objective is not to distinguish or categorise as “important” and “unimportant” disputes, but to identify disputes that may be institutionally standardised, grouped, or streamlined without compromising judicial scrutiny.

The proposed model comprises

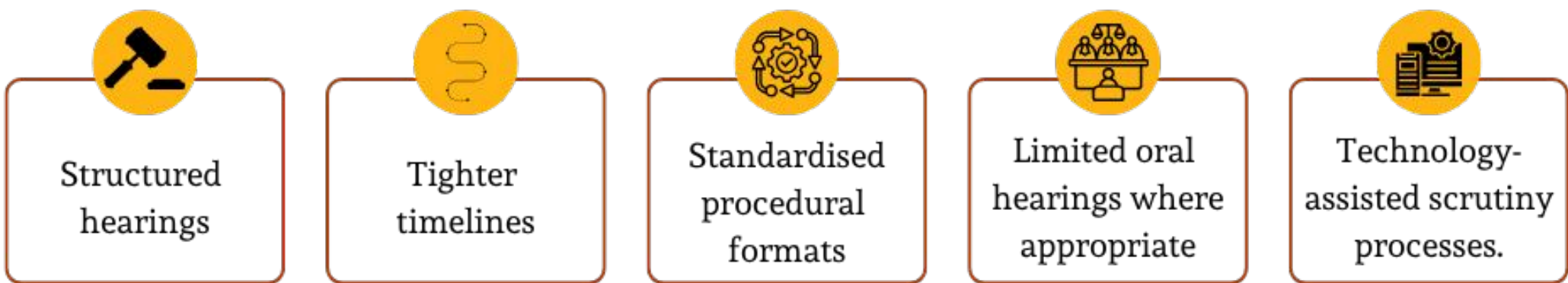


The framework envisages three categories of matters.

Track A: Structured and Fact-Dominant Disputes

Track A would include disputes where the legal framework is substantially settled due to the amendments and clarifications in law and adjudication primarily concerning documentary verification, procedural compliance, reconciliation, or factual scrutiny.

Such matters may be suitable for



The objective is to reduce pendency while improving accessibility and lowering litigation costs for smaller taxpayers.

Prayers in the appeals filed and sections, rules or notifications to which the issue is tagged by the appellant at the time of filing the appeal could be the basis to identify cases for this Track with appropriate use of technology for higher efficiency.

Track B: Clustered Legal Disputes

Track B would comprise recurring legal disputes arising across multiple taxpayers, periods, or jurisdictions. The note proposes a lead-case and batch-hearing mechanism whereby representative matters are identified and heard comprehensively.

This category is likely to generate the greatest systemic efficiency gains. If GSTAT develops authoritative precedent and coordinated adjudication practices, repetitive litigation on identical issues may be reduced substantially over time.

Given that GST is in its 10th year and the number of cases expected to hover around 600,000, it is strongly believed that a substantial number of cases will be similar and can be clustered. Prayers in the appeals filed and auto summarisation of the grounds could be a start to identify cases for this cluster.

Track C: Individually Intense and Novel Disputes

Certain disputes will necessarily require full-scale judicial adjudication due to the novelty and complexity of matters. Such disputes require detailed hearings, substantial factual appreciation, sectoral analysis, and comprehensive order-writing.

ADR and Settlement Framework

The note further proposes a structured ADR and settlement framework for disputes involving reconciliation mismatches, procedural defects, computational disagreements, and documentation deficiencies.

A significant proportion of GST disputes may not require prolonged adversarial adjudication and may instead be resolved through technology-enabled reconciliation and negotiated settlement pathways. Such a framework can:

These frameworks can:



Reduce pressure on GSTAT benches



Improve revenue certainty



Reduce compliance costs



Enable GSTAT to focus judicial resources on substantial interpretational and precedent-setting disputes

Participation in such a framework should remain voluntary, while preserving full appellate rights for matters involving substantial legal and constitutional questions.

Use of Artificial Intelligence (AI)

The emergence of AI presents a significant opportunity to strengthen GSTAT’s ability to manage the expected deluge of litigation more effectively. Consistent with the Supreme Court’s Draft Regulations for Use of Artificial Intelligence (AI) in Courts, 2026, AI may be deployed for administrative and case-management functions such as issue classification, triage, clustering of repetitive disputes, precedent identification, registry support, and settlement screening while remaining strictly subservient to human adjudication. Appropriate tools to enable secured usage and customised outputs would address the confidentiality requirements. The proposed regulatory framework provides an important governance model for GSTAT by recognising that AI can assist, most certainly not replace, adjudication, and enhance efficiency and, consistency. The determination of rights, liabilities, and judicial outcomes, however, must remain exclusively within the domain of judicial and technical members.

The Cultural Dimension of GSTAT's Transition

Beyond processes and infrastructure, GSTAT’s success will depend on the institutional culture it builds during its transition phase. While effective case management, triage systems, and technology can improve efficiency, long-term credibility will ultimately be shaped by how taxpayers, practitioners, departmental officers, registrars, and tribunal members interact with the institution. GSTAT leadership must therefore foster a culture of transparency, strategic long term thinking and resolution-oriented adjudication. A tribunal that is trusted by taxpayers and respected by the department is more likely to achieve both efficiency and legitimacy, making culture a critical pillar of successful institutional transition.

Ultimately, a well-managed transition can enable GSTAT to evolve into a credible, scalable, and nationally consistent dispute-resolution institution capable of meeting the demands of the GST era.

Implementation Responsibility

Translating these recommendations into practice will require coordinated action across multiple institutions. The table below sets out a possible implementation responsibility:

RECOMMENDATION	GSTAT	CBIC/Other State Tax Authorities	GST Council
Case triage and clustering	✓		
AI-assisted and analytical registry tools	✓		
Lead-case management	✓		
Litigation management and appeals policy		✓	
Settlement/ADR framework		✓	✓
Legislative amendments for ADR			✓
Alignment of GSTN systems with precedents		✓	✓

A. Background

1. Institutional Context and the Operationalisation of GSTAT

The operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT) marks a significant institutional milestone in the evolution of India's GST framework. Since the introduction of GST in 2017, substantial progress has been made in building a technology-driven indirect tax ecosystem through platforms such as the GST Network (GSTN), e-invoicing systems, automated return filing, and digital compliance architecture. The establishment of GSTAT completes a critical component of this framework by creating a specialised and structured appellate mechanism for the resolution of GST disputes.

The journey towards operationalising GSTAT involved addressing a range of important constitutional, institutional, and administrative considerations to ensure both the Tribunal's efficiency and institutional robustness. Judicial scrutiny, including the decision of the Revenue Bar Association¹ before the Madras High Court, led to important refinements in the Tribunal's composition to strengthen judicial independence and strike a balance between administrative and adjudicatory objectives. Subsequent legislative amendments, deliberations within the GST Council on federal representation and jurisdictional design, and broader tribunal reforms contributed to the development of a more resilient institutional structure.

The operationalisation process also required coordinated efforts by the Union and state governments in areas such as infrastructure creation, appointment mechanisms, digital integration, and procedural harmonisation, all while navigating disruptions caused by the COVID-19 pandemic. The eventual establishment of GSTAT therefore reflects a calibrated and consultative approach aimed at balancing efficiency, federal participation, judicial independence, and long-term institutional stability.²

With GSTAT becoming operational, India's GST dispute resolution framework enters a new phase focused on timely adjudication, consistency in jurisprudence, reduced litigation burdens on High Courts, and greater certainty for both taxpayers and revenue authorities.

This note proposes a strategy for managing the existing stock of cases and setting a precedent for handling future flow. A well-managed transition will strengthen confidence in the institution, enhance the credibility of its processes, and support the efficient management of the flow of cases expected to commence in late 2026 and early 2027.

2. Stock: Accumulated Case Backlog

As of May 2026, estimates indicate that approximately 6 lakh cases³ (up from about 4.83 lakh cases⁴ in September 2025) are estimated to be capable of entering the GSTAT system across India. Of these, approximately only 8,000 appeals have been filed so far, indicating that a substantial volume of litigation is yet to enter the Tribunal's docket. This stock of litigation is likely to

¹ Revenue Bar Association v. Union of India, 2019 (30) G.S.T.L. 584 (Madras High Court, September 20, 2019).

² DAKSH, GSTAT Joint Note, https://www.dakshindia.org/wp-content/uploads/2023/01/GSTAT-JointNote_V4.pdf

³ "GSTAT State Benches May Miss December Rollout as Staffing, Infra Lag," Rediff, December 18, 2025, <https://www.rediff.com/news/commentary/2025/dec/18/gstat-state-benches-may-miss-dec-rollout/616d65dcf1c7ab11bee4e276b1033e2e>; "GSTAT State Benches May Miss December Rollout as Staffing, Infra Lag," CA Alley, December 11, 2025, <https://www.caalley.com/news-updates/indian-news/gstat-state-benches-may-miss-december-rollout-as-staffing-infra-lag>

⁴ "GSTAT Portal: Sitharaman Unveils Portal for GST Disputes; Hearings to Begin from December," Times of India, September 24, 2025, <https://timesofindia.indiatimes.com/business/india-business/gstat-portal-sitharaman-unveils-portal-for-gst-disputes-hearings-to-begin-from-december/articleshow/124096365.cms>

pertain to disputes arising from the first seven to eight years of GST implementation, covering the period from FY 2017–18 to March 2026.

3. Flow: Incoming Litigation Trajectory

In addition to the accumulated stock, GSTAT will face a continuous future flow of incoming litigation generated by ongoing assessments, audits, investigations, and adjudication proceedings. Since GST administration relies on data-intensive compliance systems such as e-invoicing, automated scrutiny, and analytics-based detection, disputes are expected to arise from new sources. These may include issues relating to complex supply-chain arrangements, technology-driven mismatches, and evolving interpretations of GST provisions. The annual flow of cases is therefore likely to remain substantial even after the initial backlog is addressed.

4. Importance of Effective Stock Management

Effective management of both accumulated stock and continuing case flow is critical to GSTAT’s long-term success. Timely stabilisation and disposal of pending disputes is essential to build institutional credibility, restore trust in the GST dispute resolution framework, reduce the burden on High Courts under Section 117 of the CGST Act, ensure consistency in GST interpretation, and enable faster legal finality for taxpayers and revenue authorities alike.

Although GSTAT will initially be required to adjudicate a large volume of newly instituted matters, many disputes are likely to involve recurring legal and factual issues. This presents an opportunity for GSTAT to evolve into a modern, nationwide, high-throughput adjudicatory institution⁵ through the adoption of technology-enabled workflows, structured case categorisation, precedent-based disposal mechanisms, and specialised bench management practices.

5. Operational Status of GSTAT

While only a limited number of GSTAT benches have become operational thus far, the ongoing rollout reflects steady institutional progress toward full implementation. The current phase provides an important opportunity to strengthen infrastructure, staffing, and digital readiness ahead of the anticipated large-scale inflow of cases. The table below tracks the key developments in the GST law leading to the operationalisation of GSTAT and the current status. Annexure 1 provides details on the GSTAT benches operational as of May 2026.

Significant timelines	Key Development
1 July 2017	GST regime and the CGST Act became operational across India
2019	Constitutional validity of GSTAT provisions challenged before the Supreme Court in Madras Bar Association v. Union of India
2021	Supreme Court delivered judgment directing restructuring of GSTAT provisions

⁵ DAKSH, A Note on GSTAT: State-Level vs National-Level Structure (New Delhi: Daksh, 2023), <https://www.dakshindia.org/wp-content/uploads/2023/02/A-Note-on-GSTAT-State-Level-vs-National-Level.pdf>

Significant timelines	Key Development
Finance Act, 2023 (w.e.f. 31 July 2023)	GST law amended to align GSTAT provisions in line with the Supreme Court’s directions
6 May 2024	Appointment of the first GSTAT President
24 April 2025	GSTAT Procedure Rules, 2025 brought into force
24 September 2025	Online e-filing portal going live
30 June 2026	Last date for filing appeals relating to orders passed up to March 2026
31 December 2026	Relaxation of scrutiny for raising defects if all documents relating to orders passed up to March 2026 have been uploaded



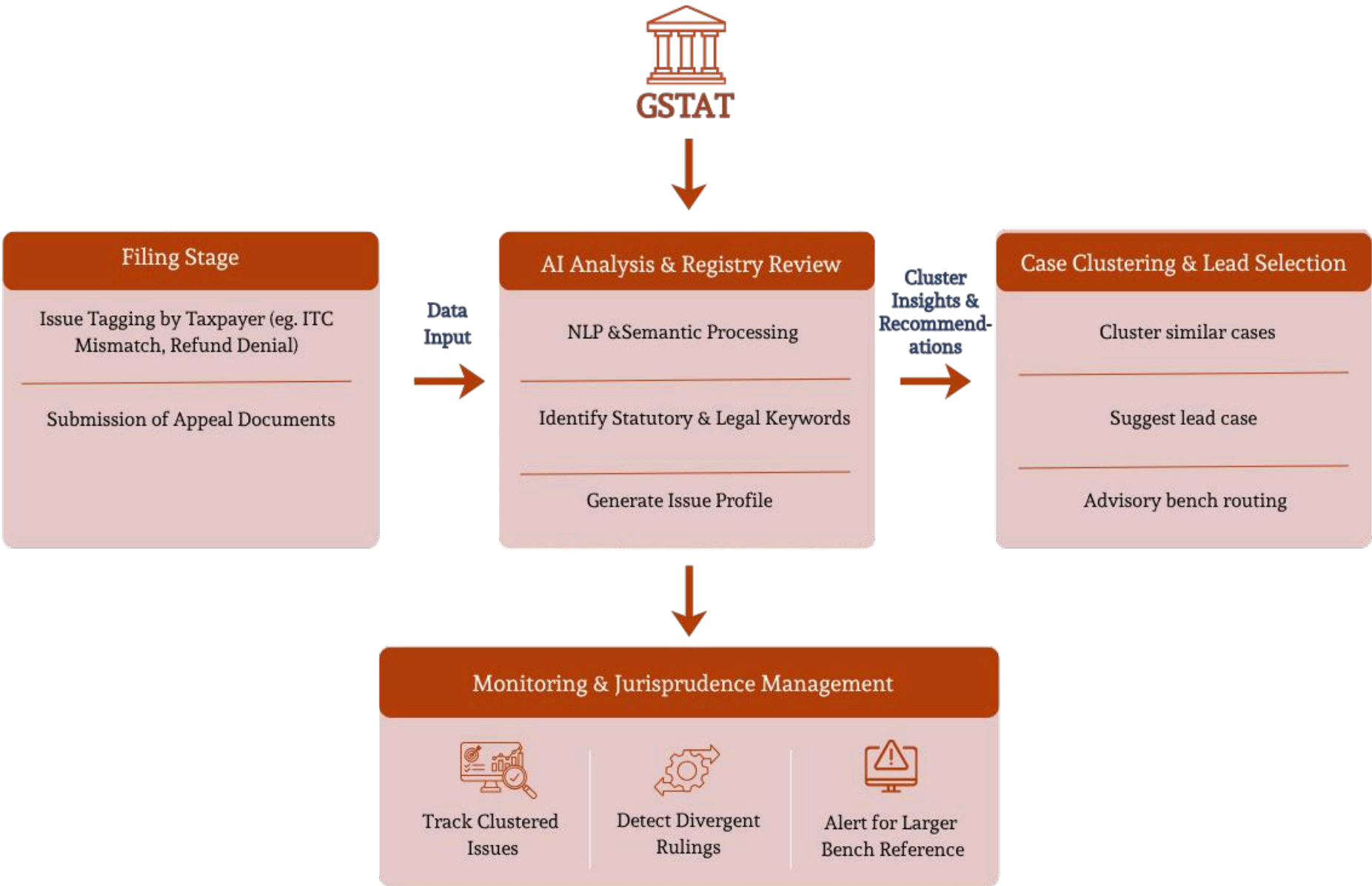
B. Proposed Triage-Based Solution

We propose the following triage-based approach to effectively manage the stock of cases:

No.	Proposed Triage-Based Solution	Likely Benefit
1	Issue tagging at filing stage to be used actively: The GSTAT portal currently requires taxpayers to classify disputes based on subject matter while filing appeals (see Annexure 2) – e.g., ITC mismatch, refund denial, classification, limitation, registration cancellation, valuation, anti-profiteering, etc.. An excel utility is also available to enable this. This process can be improved with AI-based suggestion and taxpayer validation for a faster and easier filing experience, thereby enabling better classification of matters for GSTAT.	• Faster issue identification and tracking of disputes, • reduced scrutiny time, • improved case allocation, and • creation of searchable issue databases for policy-level analytics.
2	AI-based/Registrar-level secondary triage: The Registrar may, with the help of AI, further classify matters into categories such as structured and fact-dominant disputes, clusterable legal issues, and complex and novel disputes. This may be undertaken in accordance with the instructions or procedural guidance notes of the President/Vice Presidents.	• Better judicial resource allocation and • differentiated adjudication pathways based on complexity.
3	Batch hearings based on lead case model: Similar disputes identified through the primary and secondary triage processes may be heard together in batches based on pre-consultation with appellants. Representative “lead matters” are to be identified for each cluster and heard comprehensively. The outcome can guide disposal of connected matters nationwide. Continuous bench-bar dialogue may also serve as a consensus building mechanism for non-chronological (older and newer matters with similar issues) batching and disposal.	• Reduction in repetitive hearings, improved consistency, and substantial savings in judicial time. • Creates national precedent value, avoids duplication, and accelerates disposal of linked disputes.
4	Standardisation of pleadings/procedures: Appeals may be filed using structured appeal templates with issue-based grounds, standardised fields, and mandatory data points wherever possible. Standardisation should focus on procedural and informational architecture rather than the substantive homogenisation of legal arguments.	• Faster registry scrutiny and comprehension by benches, • easier clustering of disputes, • improved digital analytics and AI-assisted workflows, and • reduced procedural ambiguity.

5	Mechanism for conflicting interpretations: Third member reference:⁶ Where a two-member GSTAT Bench is equally divided on a point after hearing the appeal, the President/Vice-President may nominate a third member before the order is passed. The disputed issue is then decided in accordance with the majority view. Principal bench:⁷ Where identical questions of law are pending before two or more State Benches (ideally for the same taxpayer), the President may direct such appeals to be heard exclusively by the Principal Bench to ensure consistency in the interpretation of law. Larger bench:⁸ In cases involving conflicting decisions by different GSTAT Benches or important legal issues requiring authoritative determination, the President may constitute a Larger Bench (typically comprising three or more members) under the Tribunal’s procedural powers to ensure uniformity in judicial interpretation.	• Faster harmonisation of interpretations, • uniformity of jurisprudence, and reduced legal uncertainty. This is especially important in a nationwide, technologically-integrated and heavily precedent-sensitive tax regime.
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Refer to [Annexure 3](#) for discussion on the usage of AI. A visual representation of the proposed recommendations is provided below:



⁶ Central Goods and Services Tax Act, 2017, Section 109(9).
⁷ Ministry of Finance, Department of Revenue, Notification No. S.O. 4219(E) [F. No. A-50/7/2025-GSTAT-DOR], September 17, 2025.
⁸ Central Goods and Services Tax Act, 2017, Sections 111(1), 109(6): Tribunal shall have powers to regulate its own procedures, President shall have the power to transfer cases when there are conflicting judgments.

C. Implementation Pathways for Faster Disposal of Matters

A triage-based GSTAT system would require more than simple subject matter tagging by taxpayers. A second layer of screening should be undertaken through AI-assisted classification and Registrar-led case management⁹, an approach that finds some support in the recent Office Order.¹⁰ At the present stage of GST jurisprudence, most matters reaching GSTAT are likely to involve issues of precedential or interpretive significance. Accordingly, the proposed track structure does not seek to distinguish between “important” and “unimportant” disputes. Rather, it differentiates matters based on the extent to which adjudication may be institutionally standardised, grouped, or streamlined without compromising judicial scrutiny and application of mind. Further, the framework is intended not merely to accelerate disposal, but to progressively reduce repetitive litigation through greater consistency, specialisation, coordinated adjudication, and institutional signalling. Within this framework, priority may be accorded to high revenue cases given their high pre-deposit requirements and larger interest implication among the tracks proposed.

The table below illustrates the proposed tracks for AI-assisted registrar tagging based on the procedural guidance notes by President or Vice Presidents.

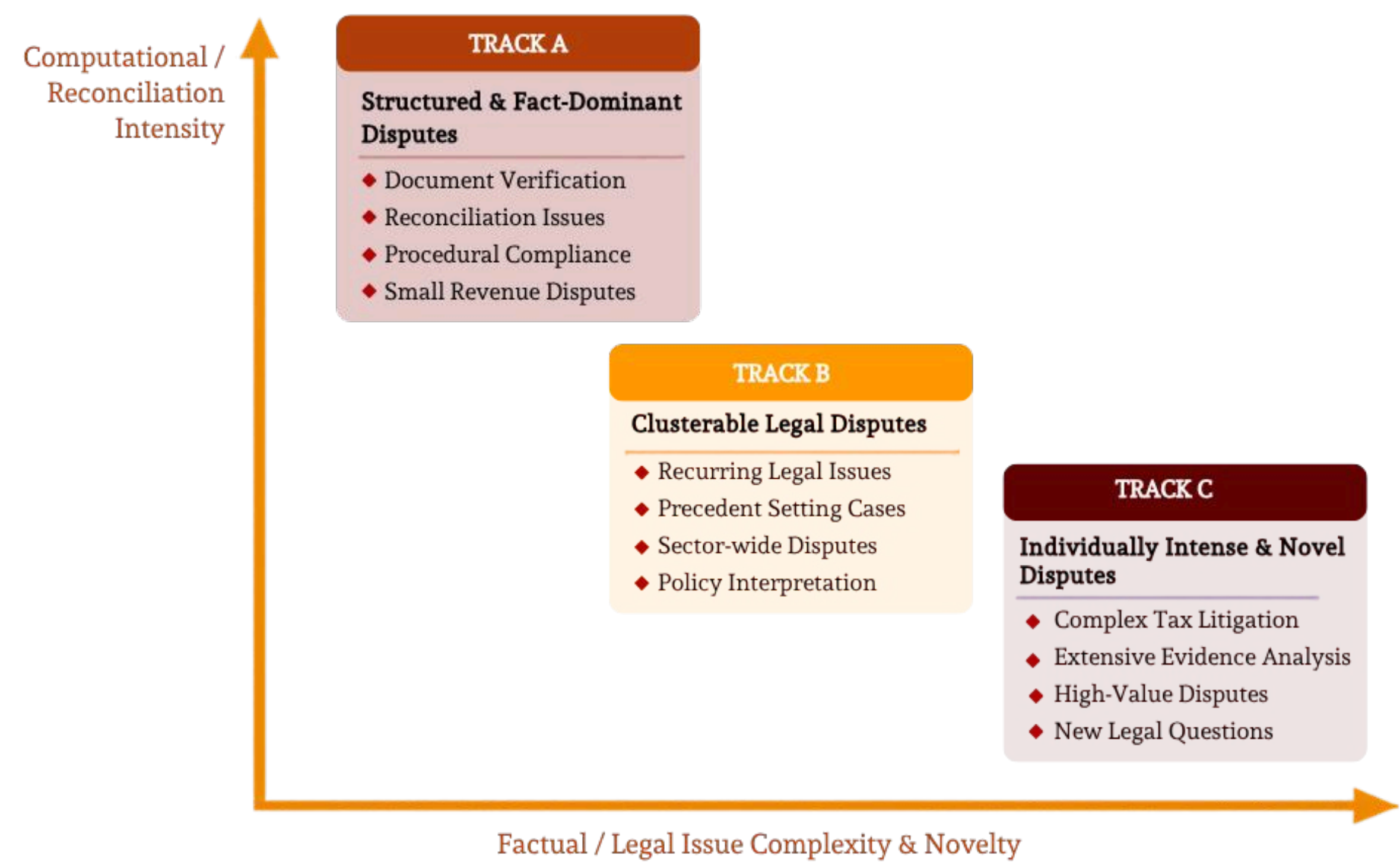
Nature of Cases	Action to be Taken by GSTAT	Expected Benefits
Track A: Structured/Fact-Dominant Matters		
Track A would cover disputes where the legal framework is substantially settled, adjudication turns primarily on factual verification, documentary reconciliation, or procedural compliance. These could possibly include: • e-way bill procedural defects; • time limitation disputes under settled precedents; • refund processing disputes involving documentation deficiencies; • reconciliation-based tax demand cases; • minor classification disputes already covered by circulars/judgments; • late fee disputes; • minor penalty matters; • return filing discrepancies; • documentary compliance disputes.	• Structured hearings, • standardised formats and template-based orders where appropriate; • tighter timelines; • digital scrutiny tools without extensive oral hearings; • adjudication by Single Member Benches for disputes below a specified monetary threshold (e.g., ₹50 lakh).	• Dramatic reduction in pendency; • free up Division Benches to focus on more complex matters where handled by Single Member Benches – four different Single Member proceedings can be done simultaneously; • shorter disposal timelines; and • improved access to justice for SMEs and smaller taxpayers. Over time, the volume of these matters may decline as effective digitisation improves GSTIN validation and stabilises return architecture.

Track B: Clustered Legal-Issue		
Track B would comprise multiple appeals involving substantially similar legal questions arising across multiple taxpayers, tax periods, or jurisdictions, capable of coordinated adjudication. Possible examples could be as follows: • recurring ITC eligibility disputes; • ISD distribution disputes; • intermediary service classification; • cross-charge disputes between branches; • ITC denial for mismatch between GSTR-2A/2B and books; • transitional credit interpretation issues.	• Clustering of similar disputes through issue tagging; • identification of representative “lead cases”; • common hearings for batches of matters sequentially; and • application of outcomes across connected disputes. Multiple orders-in-original (OIOs) or periodical show cause notices (SCNs) involving the same issue may therefore be clubbed and adjudicated together.	Track B is likely to produce the greatest systemic efficiency gains by reducing future inflow. Authoritative GSTAT precedent can reduce the repeated filing on identical questions especially if GSTN systems align, CBIC circulars adapt, and departmental officers stop issuing repetitive demands.

⁹ DAKSH, Technology and Administration of the GST Appellate Tribunal (New Delhi: Daksh, 2023), <https://www.dakshindia.org/wp-content/uploads/2023/09/Technology-and-Administration-of-GST-Appellate-Tribunal-2.pdf>.
¹⁰ GST Appellate Tribunal, Office Order No. 3/GSTAT/PB/2026, May 14, 2026.

Track C: Individually Intensive Complex and Novel Matters		
Track C would include disputes involving: • substantial factual appreciation; • sector-specific analysis; • novel legal questions; • or extensive evidence. Such matters require full-length hearings and tailored adjudication. Possible Examples include: • fraud/suppression disputes; • fake invoicing chains; • valuation disputes; • cross-border supply characterisation; • anti-profiteering methodology disputes.	• Detailed hearings before division benches; • extended oral arguments where necessary; • comprehensive order-writing; • appoint an amicus curiae to aid in resolving complex tax disputes and bring in efficiency where required. • expert-assisted analysis where appropriate.	This track ensures that judicial resources are concentrated on disputes that require them most. However, such matters are likely to remain a continuing feature of the GST landscape as tax planning and business models evolve.

Case Classification Tracks for GSTAT



D. Settlement-Suitable Cases: Alternative Dispute Resolution and Settlement Framework

Historical Indian tax-litigation data suggests that the Revenue's success rate at the tribunal stage is roughly 10-20 per cent.¹¹ Given the nature of matters estimated to be capable of entering the GSTAT system across India amounting to approximately ₹7.4 lakh crores¹², this means a significant proportion of disputes may ultimately be resolved in favour of taxpayers. In this context, allowing every dispute to proceed through a full adversarial appellate process would place enormous pressure on judicial capacity, delay final resolution, and increase compliance and administrative costs for all stakeholders.

A structured dispute resolution and settlement framework can therefore serve as an effective filtration mechanism, enabling GSTAT to focus on matters involving substantial legal interpretation or precedent-setting questions. Such a framework should be designed to make settlement commercially attractive for taxpayers while ensuring faster and efficient revenue realisation for the Government as an integrated component of GSTAT's broader case management architecture.

The fundamental principle underlying an Alternative Dispute Resolution (ADR) and settlement framework is that not every tax dispute requires formal adjudication through multiple appellate stages. A modern tax administration system must distinguish between disputes involving fraud, deliberate evasion, or significant questions of statutory interpretation and those arising primarily from reconciliation mismatches, procedural deficiencies, computational disagreements, or compliance-related errors. The latter category frequently consumes disproportionate administrative and judicial resources despite involving limited questions of law. These should therefore be addressed via negotiated settlement, reconciliation, or simplified disposal mechanisms instead of prolonged litigation.

Settlement-Suitable Cases

The framework should identify disputes where the primary controversy is factual, computational, procedural, or reconciliation-driven rather than interpretational. Illustrative categories of settlement-suitable disputes may include:

- GSTR reconciliation mismatches;
- Input Tax Credit (ITC) reflection mismatches;
- documentation deficiencies;
- clerical or computational disputes;
- tax quantification disagreements;
- e-way bill reconciliation issues;
- return filing discrepancies;
- and other fact-heavy disputes involving limited interpretational controversy.

Many of these disputes arise not because of intentional tax evasion but due to the inherent complexity of GST compliance systems, evolving return architectures, vendor mismatches, technological inconsistencies, and transitional implementation challenges. In several instances, the dispute may substantially concern verification and reconciliation rather than interpretation of statutory provisions.

¹¹ "Taxation, Not Litigation," Business Standard, January 17, 2013, https://www.business-standard.com/article/opinion/taxation-not-litigation-113011700042_1.html

¹² "GST Tribunal raises hopes of speedy dispute redressal, release of capital", The Hindu Business Line, September 04, 2025, <https://www.thehindubusinessline.com/economy/gst-tribunal-raises-hopes-of-speedy-dispute-redressal-release-of-capital/article70012195.ece>

Institutional Architecture

From an institutional design perspective, several implementation models can be considered to integrate ADR mechanisms into the GST dispute ecosystem. The Supreme Court¹³ has previously advocated for a dedicated mediation law in India, which led to the introduction of the Draft Mediation Bill, 2021. While the Bill promotes mediation for civil and commercial disputes before resorting to litigation, tax disputes remain outside its scope. The Government may therefore consider introducing a separate mediation framework within the statutory provisions of tax laws to facilitate the resolution of tax-related disputes.¹⁴ Such a mechanism should operate as an alternative to GSTAT, where the merits of cases are not the focus.

Several institutional models may be explored. One option is the creation of dedicated administration units supported by GSTAT or GSTN infrastructure and comprised of retired judicial officers and technical GST experts like chartered accountants, cost accountants, members of the Bar Council, departmental officers, and reconciliation specialists. A second option is a pre-admission reconciliation mechanism under which eligible disputes are screened and routed towards negotiated settlement before formal admission into the appellate pipeline. A third option is a technology-enabled or AI-based mediation and reconciliation platform integrated with GSTN systems to facilitate digital verification, matching, and structured settlement discussions.

Hybrid models combining administrative reconciliation with limited judicial supervision may also be explored. Regardless of the institutional model adopted, the framework should ultimately be guided by speed, scalability, transparency, and the ability to reduce the burden on formal adjudication without compromising on procedural fairness or taxpayer confidence.

Incentive Structure for Taxpayers

The ADR framework should provide taxpayers with a structured and incentivised pathway for voluntary dispute resolution. Participation should be encouraged through meaningful relief measures that balance the objectives of revenue realisation and litigation reduction. One possible approach to managing the stock of cases is to offer calibrated settlement structures in identified categories of cases, particularly where litigation success rates have historically been low or where the dispute substantially concerns factual reconciliation. For instance, the framework could contemplate a waiver of a significant portion of disputed tax together with a complete or substantial waiver of interest and penalties, subject to timely payment and withdrawal of pending appeals. An illustrative settlement structure is set out below:

Component	Suggested Relief
Tax demand	Pay 10 per cent of disputed tax (or a significantly reduced portion)
Interest	100 per cent waiver
Penalty	100 per cent waiver
Prosecution exposure	Immunity upon settlement
Future litigation	Full closure for settled periods

¹³ M. R. Krishnamurthy v. New India Assurance Co. Ltd., 2019 SCC OnLine SC 315.

¹⁴ PwC India, Actioning Trust to Generate Sustainable Revenue, in Immersive Outlook 2, <https://www.pwc.in/assets/pdfs/research-insights-hub/immersive-outlook-2/actioning-trust-to-generate-sustainable-revenue.pdf>

Additionally, AI-based workflows could significantly reduce processing timelines and enable the resolution of eligible applications within a defined timeframe. An illustrative timeline is provided below:

Stage	Timeline
Initial screening and verification	15–30 days
Settlement recommendation	45 days
Final closure	60 days

These incentives – and the accelerated timelines – would create a strong commercial rationale for taxpayers to resolve legacy disputes early instead of pursuing prolonged litigation with uncertain outcomes. From the government’s perspective, the framework would improve revenue certainty, reduce litigation management costs, and allow departmental resources to be concentrated on serious enforcement and high-value interpretational disputes.

Importantly, participation in the framework should remain voluntary. Taxpayers who believe that their disputes involve substantial legal questions or who seek authoritative judicial determination should continue to retain full appellate rights before GSTAT and higher courts. The framework is intended to provide an efficient alternative for taxpayers seeking certainty, closure, and reduced litigation exposure rather than to restrict access to formal adjudication.

To ensure institutional credibility, the ADR and settlement process should be governed by transparent eligibility criteria, clearly defined standard operating procedures, and technology-enabled workflows. Digital scrutiny systems, online document exchange mechanisms, virtual hearings, and structured mediation-style proceedings can significantly accelerate timelines while reducing compliance costs and administrative burden. Refer to [Annexure 4](#) for illustrative international examples of resolution and settlement mechanisms in tax disputes.

Cases Excluded

To preserve the integrity of GST jurisprudence, certain categories should ordinarily remain outside the settlement framework.

These may include:

- constitutional challenges;
- substantial questions of law;
- disputes with precedential implications;
- disputes involving conflicting High Court rulings;
- cases involving allegations of fraud accompanied by criminal prosecution;
- matters involving systemic tax evasion structures.

Excluding such matters would preserve the integrity of GST jurisprudence and ensure that GSTAT continues to evolve as an authoritative appellate institution capable of developing coherent legal principles under the GST framework.

Most importantly, such a framework would reflect a broader shift towards a more pragmatic, resolution-oriented, and efficiency-driven GST dispute ecosystem. The long-term success of GSTAT will depend not only on the number of benches

or members appointed, but also on the institutional ability to intelligently classify disputes and channel them into appropriate resolution pathways. ADR and settlement mechanisms, if carefully structured and transparently administered, can therefore become a foundational pillar in ensuring that GSTAT remains efficient, credible, and sustainable in the face of the expected deluge of GST litigation.



E. The Cultural Dimension of GSTAT's Transition

The Goods and Services Tax Appellate Tribunal stands at a critical inflection point. As it transitions from the conceptual planning stage into operational reality, dominant concerns surround focus on physical infrastructure, the functioning of the online portal, and adequate staffing. While essential, these alone are unlikely to drive GSTAT's success. The Tribunal's long-term credibility will ultimately be shaped by its institutional culture. Culture, however, cannot be designed by the Supreme Court or mandated by government order, but must be built deliberately by everyone within and around the institution.

Institutional culture extends beyond how benches interact with counsel; it encompasses a broad range of behaviours and practices. It includes how registry staff approach taxpayer queries; how registrars screen and categorise cases; whether the GST department views GSTAT as an adversary to outmanoeuvre or a neutral arbiter to engage with honestly; how practitioners advise their clients on settlement options; and critically, how taxpayers themselves experience the institution from their first filing to their final order.

The importance of culture is particularly acute given the scale of litigation that GSTAT is expected to manage. Significant case backlogs and a continuing annual inflow of disputes may lead to an enormous temptation to optimise for speed and throughput at the expense of fairness and deliberation. A registry clerk processing filings at volume may cut corners; a bench member managing three tracks of cases may default to precedent without wrestling with novel questions; a department officer may view settlement offers cynically rather than as genuine resolution; and a taxpayer may experience the Tribunal not as a fair arbiter but as another maze of procedure and delay. While efficiency is important, it should not come at the expense of fairness, consistency, or reasoned adjudication.

Leadership will play an important role in resisting these institutional pressures. The Tribunal's Bench must go well beyond operational directives and do the following:

First, they must model the standard. Leadership's approach to litigants and practitioners, as well as to dissent or error within the Tribunal, will play a far more powerful part in dictating culture than any office order, thus establishing professional norms and expectations across the institution.

Second, they must actively shape how the GST department participates in GSTAT. The department is not merely another party but a powerful actor shaping the tribunal's culture. The department's potential objective to maximise recovery via procedural exploitation rather than genuine adjudication hinders institutional fairness. Leadership must engage the department to reframe their participation in GSTAT. Honest argument, transparent fact-finding, and the acceptance of adverse orders should be normalised as signs of departmental confidence in the system.

Third, they must invest in staff who understand that case management entails custodianship and not mere logistics.

Registry staff who screen cases and oversee triage are not just administrators, but taxpayers' first point of contact. These staff, including registrars and case-management personnel, should be equipped and trained to recognise that accuracy and fairness in case management matter as much as outcomes.

Finally, they must engage practitioners as partners in culture-building. Lawyers and accountants who appear before GSTAT will play a significant role in shaping stakeholder perceptions of the Tribunal. When practitioners have confidence in the fairness, quality and consistency of GSTAT's adjudication, they are more likely to advise clients to engage constructively with the process and consider settlement where appropriate. Conversely, perceptions of inefficiency or unpredictability can undermine confidence in the institution and contribute to avoidable litigation.

Importantly, investment in institutional culture can contribute to operational efficiency more than process optimisation or technology alone. A tribunal in which taxpayers trust that they will be heard fairly, the GST department engages constructively, and staff take pride in fair case management is likely to move cases more efficiently. Greater trust in the institution can reduce posturing and defensive behaviour, and lead to greater willingness to accept unfavourable rulings or pursue settlement where appropriate.

GSTAT's transition into operational reality is therefore not merely an institutional challenge, but a cultural one. The Supreme Court and GST Council have provided GSTAT with its governing architecture. It is the responsibility of its leaders to ensure this architecture enables a fair, professional and reliable dispute-resolution process.



F. Immediate Actions for the President of GSTAT

A Six-Month Transition Management Agenda

The operationalisation of GSTAT presents a rare opportunity to shape institutional practices before large-scale litigation enters the Tribunal system. While infrastructure, staffing and digital systems continue to evolve, several important case-management reforms can be initiated immediately through administrative directions, practice notes, registry protocols and coordination with GSTN. The GSTAT Committee established under the President is already looking into recommendations for GSTAT Procedural Rules amendment and relevant statutory amendment to ease appeal filings and reduce litigation burdens. The following further actions would enable transitions and case management:

1. Issue a GSTAT Case Classification and Triage Practice Direction

Develop a standard framework for categorising appeals based on subject matter, complexity and adjudicatory requirements. The framework may enable registrars and benches to identify structured fact-intensive disputes, repetitive legal issues arising across multiple appeals and complex or novel matters requiring extensive hearing. A common classification system will create the foundation for future clustering, analytics and workload management.

2. Establish a Registrar-Led Case Management Cell

Create a dedicated case-management function within GSTAT to support benches through scrutiny of filings, validation of issue tagging, identification of connected matters, monitoring of pendency and preparation of management reports for the President and Vice Presidents. The objective is to ensure that judicial members spend their time deciding disputes rather than managing administrative workflows.

3. Pilot Lead-Case and Batch-Hearing Mechanisms

Where multiple appeals involve substantially similar questions, representative lead matters may be identified and heard first, enabling coordinated disposal of connected cases. This may become GSTAT's single most effective tool for managing large-scale litigation.

4. Create a National / Central GSTAT Precedent Repository

Establish a searchable repository of GSTAT decisions organised by issue, subject matter, party name, etc. The repository should assist benches in identifying existing decisions, detecting conflicting views and referring suitable matters to Larger Benches where required. Consistency across State Benches will be critical to the credibility of a national GST tribunal.

5. Develop Guidance on Responsible Use of Artificial Intelligence

In line with the Supreme Court's Draft Regulations for Use of Artificial Intelligence in Courts, 2026, GSTAT may develop

principles governing the use of AI for sharing of data between GSTIN and GSTAT, issue tagging, clustering of similar disputes, precedent retrieval, document summarisation, registry support functions and identification of settlement-suitable disputes. AI should remain an administrative and research tool, while all adjudicatory functions continue to be exercised exclusively by Tribunal members.

6. Build a Culture of Service and Resolution

The most important transition challenge is cultural rather than technological. The President and Vice Presidents can shape institutional culture through regular engagement with registrars and staff, interactions with practitioners and taxpayer groups, coordination with departmental representatives and clear messaging that fairness, consistency and professionalism are core GSTAT values. Institutional trust established during the first years of operation will have a lasting impact on GSTAT's credibility. The decisions taken during GSTAT's first two years will likely shape the institution for decades.

CONCLUSION

The operationalisation of GSTAT represents a significant opportunity to strengthen India's GST dispute resolution framework. The challenge before the Tribunal is not merely to address a substantial backlog of pending disputes, but to establish systems and processes capable of managing future litigation at scale. This is contingent not only on expanding bench strength, but also on creating an institutional architecture capable of intelligently classifying disputes, coordinating adjudication at scale, and reducing repetitive litigation. A carefully designed transition-management framework can enable GSTAT to evolve into a modern digital tribunal that combines judicial credibility with administrative scalability and national consistency.

The transition to a fully operational GSTAT should therefore be viewed not only as an institutional implementation exercise, but as an opportunity to modernise tax dispute resolution for a digital and data-driven economy.

Annexures

Annexure 1: Operational GSTAT Benches as of May 2026

While the Government has formally operationalised the institutional framework of GSTAT through the allocation of 83 members across the Principal Bench and 31 State Benches, actual adjudicatory functioning remains phased and uneven across jurisdictions.

Bench	Operational Address/ Venue	Status of Hearings	Operational Since	Composition / Members Reported
Principal Bench – New Delhi	New Delhi	Administrative functioning; limited institutional setup	Feb 2026 (phase-wise rollout)	President Justice Sanjaya Kumar Mishra and other members appointed
Kolkata Bench	2/5, Judges Court Road, Alipore, Kolkata – 700027 (Old Door Sanchar Bhawan)	Operational and accepting/ hearing matters	Public notice dated 23 March 2026	Bench constituted and jurisdiction notified for West Bengal, Sikkim, and Andaman & Nicobar Islands
Ranchi Bench	Temporary premises at Khelgaon, Ranchi	Hearings commenced	First hearings held April 2026	Vice President (Judicial) Tushar Kanti Satapathy and Technical Member (Centre) B.B. Mohapatra reported present
Cuttack Bench	Cuttack, Odisha	Members joined; operationalisation underway	Jan 2026 onward	Judicial Member Suchismita Misra; Technical Members (Centre and State) joined
Bangalore Bench	Temporary premises at NACIN, Bengaluru	Operational	May 2026 onward	Members allotted
Chennai / Andhra Pradesh / Telangana / Rajkot (Gujarat)	Various notified locations	Public notices indicate commencement of functioning, but limited evidence of regular hearings	March–April 2026	Members allotted
Other notified State Benches	Various	Not fully operational	—	Members allocated nationally

Annexure 2: Issue/Subject Matter Tagging by Taxpayer on GSTAT portal

Currently, on the GSTAT portal, subject matter tagging is in place as under:

- 1. “Case Details” tab > Category of case > Brief issue of the case under dispute
- 2. “Case Details” tab > Case summary > Issue related to

There are fields to select the GST section and rule. This needs to be simplified for the taxpayer to select and for registrars to understand, validate and refine further during scrutiny.

A robust subject matter tagging framework would not only improve judicial efficiency but also create a valuable national repository of GST disputes capable of generating policy insights, litigation analytics, and jurisprudential consistency.

Order DetailsBasic DetailsCase DetailsAppellant DetailsAdd RespondentAdd RepresentativeDemand detailsUpload DocumentCheck ListFinal Preview

Back

Case Detail

Next

Reference No : - 20

Grounds of appeal in brief*

GST return filing

Prayer*

GST filing

Brief issue of the case under dispute*

Testing

Category of Case

Category of case under dispute*

Wrong applicability of a notification issu

Notification No *

65

Notification Date *

02/02/2025

Amount involved(In actuals)

100000

Add More Category Of Case

Case Summary

Issue related To

Short or non-payment of tax

As per order of adjudicating authority*

Testing

As determined by Appellate/Revisional authority*

Testing

As per stand of appellant before Tribunal*

Testing

As declared/ claimed by present Appellant*

Testing

Add More Issue

Annexure 3: AI-Enabled Issue Identification, Case Clustering and Monitoring Framework for GSTAT *(Supporting the Triage-Based Transition Management Model)*

1. Role of AI in GSTAT: Assistive, Not Adjudicatory

Artificial intelligence can play a valuable role in supporting GSTAT’s transition into a high-volume national appellate institution. Its role, however, should strictly be limited to assistance as per the guidelines of the Supreme Court.¹⁵ AI should function as an institutional support layer, assisting registrars and benches in an early, consistent, and data-driven understanding of disputes. AI must not substitute human judgment, and tools chosen should not determine jurisdiction, assess the merits of a dispute, predict outcomes or substitute judicial reasoning. The use of AI must be formally acknowledged in procedural SOPs.

2. AI-Assisted Semantic Issue Identification and Multi-Dimensional Mapping

By analysing the grounds of appeal, statements of fact and relevant extracts from lower appellate orders, AI tools using Large Language Model (LLM)/Natural Language Processing (NLP) can identify statutory provisions, legal doctrines and recurring patterns within a dispute. This enables a richer understanding of the case beyond the label chosen by the appellant and helps registries recognise mixed questions of law and fact, jurisdictional issues or recurring legal controversies at the outset. Such analysis can improve bench allocation, reduce misrouting and facilitate more effective case management.

Illustrative Example

An appellant selects the issue category “ITC mismatch”.

AI analysis detects repeated references to:

- Rule 36(4) of CGST Rules
- Retrospective application of restrictions
- Violation of principles of natural justice
- Incorrect invocation of section 74

AI output (advisory):

- Primary issue: ITC mismatch
- Secondary issues detected:
 - Question of law – retrospective rule application
 - Limitation classification
 - Natural justice challenge
- Statutory provisions involved
- Rules, notifications, and circulars referenced
- Nature of dispute (fact, law, or mixed)
- Monetary band
- Jurisdictional attributes

3. AI-Driven Case Clustering and Lead-Case Identification

AI can also support case clustering and lead-case identification. By analysing similarities across appeals filed before different

¹⁵ Supreme Court’s draft Regulations For Use of Artificial Intelligence In Courts, 2026

benches and in different States, the system can detect recurring legal questions that arise from common administrative practices or interpretations of the GST law. It can then generate suggested clusters, identify connected matters and recommend representative lead cases. Such recommendations would remain advisory, with all decisions on batching, listing and lead-case selection continuing to rest with the Bench.

Illustrative Scenario

AI identifies a nationwide cluster of appeals involving:

- Denial of ITC under Rule 36(4)
- Dispute over retrospective application
- Similar FAA reasoning patterns

The system generates:

- A suggested cluster name
- A list of connected appeals
- Candidate lead cases based on completeness and representativeness

4. Bench-Selection Assistance

AI tools can assist registries by flagging issues relating to statutory interpretation, limitation, jurisdiction and other legal questions, thereby reducing incorrect listings and administrative inefficiencies related to mid-hearing transfers between single and division bench.

5. Continuous Monitoring and Jurisprudence Management

Beyond the filing stage, AI can serve as an institutional monitoring tool. By tracking recurring legal issues, divergent approaches across benches and the lifecycle of clustered disputes, it can provide valuable management information to the President and Vice-Presidents of GSTAT. Such insights can help identify matters suitable for Principal Bench / Larger Bench consideration, promote consistency in jurisprudence and support more effective allocation of judicial resources.

Annexure 4: Global Examples of ADR in Tax Systems

A. United Kingdom (HMRC ADR)

Nature: Voluntary mediation for tax disputes (direct and indirect taxes).

Process: A trained HMRC mediator (not involved in the original case) facilitates negotiation between the taxpayer and the tax authority.

Scope: Used for factual disputes, misunderstandings, or where communication has broken down. Generally not suitable for pure points of law, fraud, or criminal matters.

Outcome: If a settlement is reached, it is recorded and binding; if not, normal appeal rights continue.

Reference: <https://www.gov.uk/guidance/tax-disputes-alternative-dispute-resolution-adr>

Key Features:

- Voluntary participation
- Mediation by a neutral facilitator
- No loss of statutory rights
- Settlement agreement is enforceable

B. United States (IRS Fast Track Mediation & Settlement)

Nature: Fast Track Mediation (FTM) and Fast Track Settlement (FTS) for tax disputes.

Process: An independent IRS Appeals mediator (with settlement authority in FTS) helps resolve disputes quickly, often during the examination phase before a formal appeal.

Scope: Suitable for factual disagreements, certain hazard and legal issues in examinations and collections; not for frivolous positions, fraud, or certain precedent-setting legal matters.

Outcome: If agreement is reached, it is binding; otherwise, the taxpayer can proceed to standard Appeals or litigation.

Reference: <https://www.irs.gov/appeals/fast-track>

Key Features:

- Voluntary and confidential
- Neutral mediator (often with settlement authority)
- No waiver of appeal rights
- Written settlement agreement

C. Australia (ATO In-House Facilitation)

Nature: In-house facilitation for tax and superannuation disputes.

Process: An accredited, impartial ATO facilitator (not involved in the original decision) guides discussions between the taxpayer (and representative) and the case officer to identify issues and explore resolution options.

Scope: Suitable for factual, interpretative, and less complex disputes; not typically for fraud, evasion, or highly complex cases.

Outcome: Settlement, if reached, is documented and binding; if not, formal objection, review, or appeal rights remain available.

Reference: <https://www.ato.gov.au/individuals-and-families/your-tax-return/if-you-disagree-with-an-ato-decision/dispute-a-decision/in-house-facilitation>

Key Features:

- Voluntary and free of charge
- Confidential and impartial
- Available at any stage of a dispute
- Facilitator is a nationally accredited mediator

D. South Africa (SARS Alternative Dispute Resolution - ADR)

Nature: Alternative Dispute Resolution process for tax disputes between taxpayers and the South African Revenue Service (SARS).

Process: A neutral facilitator (acceptable to both parties) oversees informal, without-prejudice discussions to reach a mutually acceptable settlement.

Scope: Suitable for most tax disputes following objection; excludes certain complex, criminal, or policy-related matters as determined by SARS.

Outcome: If a settlement is reached, it is recorded and binding; if not, the matter proceeds to the Tax Board, Tax Court, or further appeal.

Reference: SARS Alternative Dispute Resolution Quick Guide and Tax Administration Act.

Key Features:

- Voluntary and confidential (without prejudice)
- Faster and more cost-effective than litigation
- Neutral facilitator
- Preserves rights to formal adjudication if unresolved

E. Kenya (KRA ADR)

Nature: Formal alternative dispute resolution programme for tax disputes.

Process: Neutral facilitators or mediators assist the taxpayer and Kenya Revenue Authority in reaching an amicable settlement outside the Tax Appeal Tribunal or courts.

Scope: Covers a wide range of tax disputes, excluding criminal matters and certain complex cases.

Outcome: Binding settlement agreement if successful; otherwise, parties retain rights to formal appeal.

Reference: Official KRA dispute resolution guidelines.

Key Features:

- Voluntary and confidential
- Structured mediation process
- Preserves formal appeal rights
- Aimed at reducing litigation backlog



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