

# GST Appeal Pre-deposit Decoded: Admitted Amount, 10% Deposit and Refund under Circular 259

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APPEALS

## Pre-deposit for GST Appeals

Admitted amount vs tax in dispute

CIRCULAR NO.

259

/2026-GST

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A manufacturer receives an order confirming ₹1 crore of tax. Accounts agrees that ₹20 lakh is payable, the rest is contested. The appeal portal asks for two things: pay what is admitted, and deposit a percentage of what is disputed. How the two are split — and again at the second appeal — is where officers and taxpayers have, in the Board's words, taken "varying interpretations". Circular No. 259/05/2026-GST, dated 26 October 2026, addresses six such points.

**In short:** the admitted amount must be paid in full; the pre-deposit is 10% of the *remaining* tax in dispute (as the Circular states it); the Tribunal stage is computed on what remains disputed out of the liability confirmed by the first appellate authority; and refunds are claimed through FORM GST RFD-01 and cannot be withheld merely because the department intends to appeal.

# How the pre-deposit works — by the numbers

Admitted amount in full, plus 10% of the tax actually in dispute

## Illustration (not from the Circular)

Order confirms tax of ₹1,00,00,000. Appellant accepts ₹20,00,000 as admitted and disputes ₹80,00,000. Interest, fine, fee and penalty ignored to keep the arithmetic visible.

### First appeal — s.107(6)

Admitted tax – pay in full

 ₹20 lakh

Tax in dispute

 ₹80 lakh

10% of tax in dispute – pre-deposit

 ₹8 lakh

### Second appeal — s.112(8) (Appellate Tribunal)

Appellate Authority reduces confirmed tax to ₹60,00,000 and appellant still disputes ₹50,00,000.

Tax still in dispute

 ₹50 lakh

10% of this amount, over and above the earlier payment

 ₹5 lakh

Per Circular 259, the 10% is computed on the amount disputed out of the liability confirmed by the Appellate Authority. The rate and cap in s.107(6) / s.112(8) as presently in force should be checked before filing.

## The six clarifications

| # | Question                                                                                       | Clarification in the Circular                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | What are "admitted amount" and "tax in dispute"?                                               | Admitted amount = the portion of tax, interest, fine, fee and penalty from the impugned order which the taxpayer acknowledges as payable and does not intend to challenge. It must be paid in full before filing. The balance contested is "tax in dispute", and the pre-deposit (10%) is calculated on that tax component. The taxpayer decides the split at the time of filing; it is captured in Table 14 of APL-01 and Table 20 of APL-05. |
| 2 | Quantum for appeal to the Appellate Tribunal if the Appellate Authority modified the liability | Admitted part in full, plus 10% of the remaining tax in dispute, in addition to what was paid at first appeal. The 10% is computed with reference to the liability confirmed by the Appellate Authority which the appellant disputes.                                                                                                                                                                                                          |
| 3 | Must the order expressly direct refund of pre-deposit?                                         | No. Where an amount paid under section 107(6) or 112(8) becomes refundable consequent to an order, the order need not say so; the refund claim is filed under S. No. 7 of FORM GST RFD-01 ("on account of order").                                                                                                                                                                                                                             |
| 4 | Refund where the department contemplates further appeal                                        | Refund is payable on a favourable decision unless the order is stayed by the Tribunal or a Court. It should not be denied merely because the department intends to, or has, filed an appeal.                                                                                                                                                                                                                                                   |
| 5 | Date of payment for interest under section 115                                                 | Pre-deposit is paid separately at each appeal level; the date for interest is determined separately for each level, by the actual date of each payment.                                                                                                                                                                                                                                                                                        |
| 6 | Refund when the Tribunal remands                                                               | Refund is payable on remand. In a partial remand where part of the demand is upheld, refund is released only after the confirmed amount, with applicable interest, is recovered or adjusted against the pre-deposit.                                                                                                                                                                                                                           |

## Practical points emerging from the Circular

**The split is the appellant's decision, at the time of filing.** A mistake in the admitted-versus-disputed split cannot be corrected by the officer; the portal tables (Table 14 of APL-01, Table 20 of APL-05) are where the choice is recorded. Because the admitted

amount is outside the appeal and must be paid in full, characterising an item as "admitted" has a consequence beyond the deposit.

**The Tribunal stage is not a repeat of the first stage.** It is an additional deposit, calculated afresh on the amount still disputed after the first appellate order. This matters where the first appellate authority has reduced the demand.

**Refund follows the order, not the department's intentions.** On a favourable order, the refund application is the route. The Circular directs that the pending possibility of a departmental appeal is not a ground to deny it, unless there is a stay.

**Interest on refund runs by tranche.** Where pre-deposit was made at both levels, each tranche carries interest from its own payment date.

**Remand cases.** Where the matter goes back to the adjudicating authority, the refund is to be granted, subject to set-off in a partial remand where part of the tax is already upheld.

## **Where views can differ**

- **Rate and cap.** The Circular describes both section 107(6) and section 112(8) as requiring 10% of tax in dispute. The statutory text, including any cap and any change made by later Finance Acts, should be read directly from the Act as presently amended before computing a deposit (confirm). This article reproduces the Circular and does not substitute for the section.
- **What is "admitted"?** The Circular leaves the choice to the appellant. Whether an amount paid under protest during investigation or recovery can be treated as the admitted amount, or as a pre-deposit, is a question of appropriation and may be contested (litigative).
- **Interest component.** The Circular refers to "tax in dispute" for the 10%; interest, fine and penalty in dispute are not part of the base on this reading.

## Risk view

| Scenario                                                                              | Risk                   | Comment                                                                     |
|---------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------|
| Admitted amount not paid in full                                                      | High                   | Statutory requirement for admission of appeal                               |
| Tribunal deposit computed on original demand instead of first-appeal confirmed demand | Moderate               | Para 2 of the table: computed on liability confirmed by Appellate Authority |
| Refund claimed under wrong category in RFD-01                                         | Moderate               | Should be S. No. 7, "on account of order"                                   |
| Refund held back pending a departmental appeal                                        | Favourable to taxpayer | Circular says refund cannot be denied on that ground unless stayed          |

## Frequently asked questions

**Is the pre-deposit paid again for the Tribunal?** Yes. It is a separate deposit, in addition to the amount paid for the first appeal.

**Does the appellate order have to say "refund the pre-deposit"?** No; the refund claim is filed on the basis of the order.

**Where is the admitted-versus-disputed choice made?** In Table 14 of FORM GST APL-01 for the first appeal and Table 20 of APL-05 for the appeal before the Tribunal, as per the Circular.

**Can the department hold the refund if it plans to appeal?** The Circular says not, unless the order is stayed.

**Which date counts for interest on the refund?** The actual date of each payment, separately for the first-appeal and Tribunal-stage deposits.

## Sources

- CBIC Circular No. 259/05/2026-GST dated 26.10.2026 — [CBIC website](#).

- Sections 107, 112, 115 and Rule 113, CGST Act and Rules, 2017 — to be read in the text as presently in force.

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