HUMAN JUDGMENT IN THE AGE OF ARTIFICIAL INTELLIGENCE: LESSONS FROM GST ADJUDICATION FOR THE FUTURE OF LEGAL DECISION-MAKING

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Introduction

Artificial Intelligence is entering legal practice at remarkable speed. It can search law, compare documents, identify inconsistencies, and assist with drafting. For a system struggling with volume, the attraction is obvious. Yet adjudication is not simple a data problem.

India's Goods and Services Tax (GST) regime is a useful place to assess that assumption. GST proceedings generate scrutiny, show cause notices, determinations, penalties and appeals. Yet adjudication is not simply a data problem. It is deciding what that mismatch means, whether an explanation is credible, whether conduct was deliberate, and what consequence is justified.

This article argues that AI can assist that work but should not replace the human judgment at its centre. GST is the vehicle, not the destination: the same question arises wherever administrative decisions affect rights, liabilities, or reputation.

GST Adjudication Is Not Merely a Data Exercise

The CGST Act itself shows that adjudication is more than calculation. Section 75(4) requires an opportunity of hearing where a written request is made, or an adverse decision is contemplated. Section 75(6) requires the proper officer to set out the relevant facts and the basis of the decision[1].

Consider two taxpayers who make the same reporting error. On a spreadsheet, the error may look identical. Legally, however, the cases may be quite different. One may have deliberately suppressed a transaction; another may have made a genuine clerical mistake and produced records explaining it. The difference may lie in evidence, intent, and surrounding circumstances. Those are precisely the features that a purely pattern-based system may struggle

[1] Central Goods and Services Tax Act 2017, s 75(4), (6)

to appreciate.

The Supreme Court has treated natural justice as a substantive requirement of fair decisionmaking. In *Canara Bank v Debasis Das*, the Court emphasised the importance of giving an affected person an opportunity to meet the case against them[2]. In *Dharampal Satyapal Ltd v Deputy Commissioner of Central Excise*, the Court connected fair hearing with reasoned decision-making[3].

AI can organise documents, identify missing records, retrieve authorities, and highlight inconsistencies. The point is simply that **assistance is not adjudication**.

The Danger of an Efficiently Wrong Order

AI's strongest argument is efficiency: reviewing large records can reduce the burden on officers and prevent material from being overlooked. But efficiency answers only one question: **how quickly can a decision be produced?** It does not answer whether the decision is legitimate.

A tricky situation arises when an AI-generated recommendation is accepted without independent consideration. The final order may contain statutory provisions, facts, and several paragraphs of reasoning. It may look convincing. Yet if the officer has simply adopted the machine's conclusion, the appearance of reasoning may conceal the absence of judgment.

This is where the distinction between a "reasoned order" and a "reasoned decision" matters. In *S N Mukherjee v Union of India*, the Supreme Court recognised that recording reasons helps exclude arbitrariness and ensures fairness in decision-making[4]. A reason is therefore not merely an explanation added after the decision; it is part of the discipline through which the decision is reached. In *Assistant Commissioner, Commercial Tax Department v Shukla & Brothers*, the Supreme Court treated the giving of reasons as an essential feature of the administration of justice and emphasised the need for proper application of mind[5].

An AI system may explain its output. But legal reasoning is not exhausted by explaining why a pattern produced a result. The adjudicator must decide why that result follows from the law

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[2] Canara Bank v Debasis Das (2003) 4 SCC 557
[3] Dharampal Satyapal Ltd v Deputy Commissioner of Central Excise (2015) 8 SCC 519
[4] S N Mukherjee v Union of India (1990) 4 SCC 594
[5] Assistant Commissioner, Commercial Tax Department, Works Contract and Leasing, Kota v Shukla & Brothers (2010) 4 SCC 785

and evidence in the case. A decision can therefore be reasoned in form while remaining arbitrary in substance.

Human Judgment Means Human Responsibility

The case for human judgment should not rest on the idea that humans are always wiser than machines. They are not. Human adjudicators can make mistakes and carry biases. The stronger argument is responsibility.

A human adjudicator can explain why evidence was accepted or rejected and why a particular consequence was appropriate. That decision can be challenged and reviewed. Responsibility for public power remains attributable to an identifiable decision-maker. AI has no comparable institutional role. It can recommend that a penalty is appropriate; it cannot itself bear legal responsibility for imposing it.

This matters where the law requires discretion. The adjudicator is not simply matching facts with predetermined outcomes. The adjudicator must exercise discretion within the limits of law and procedural fairness. As the Supreme Court explained in *Tata Cellular v Union of India*, administrative discretion remains subject to judicial review where it is exercised arbitrarily, irrationally or for an improper purpose[6].

Meaningful human oversight therefore cannot mean merely clicking "approve" on an AIgenerated order. It must mean the ability to question, reject, and depart from the machine's recommendation.

From Human-in-the-Loop to Human-in-Command

A responsible model of AI-assisted adjudication should rest on four safeguards.

First, AI should remain assistive, not determinative; the final finding must be independently reached by the adjudicator.

Second, an affected party must be able to challenge a decision materially influenced by AI.

Third, the adjudicator must independently engage with the evidence. A human signature on an

[6] Tata Cellular v Union of India (1994) 6 SCC 651

AI-generated order is not meaningful oversight without genuine reconsideration.

Fourth, accountability must remain identifiable. An authority should never be able to say that "the algorithm decided."

This approach is consistent with international AI governance. UNESCO's *Recommendation on the Ethics of Artificial Intelligence* emphasises human oversight, accountability and responsibility, including in judicial contexts[7]. The EU AI Act similarly requires effective human oversight for high-risk AI systems[8]. These instruments do not determine Indian law, but demonstrate an emerging principle: automation may assist public decision-making without substituting responsible human judgment.

GST Is the Vehicle, Not the Destination

The importance of this debate extends beyond GST. Customs, income tax, consumer protection, and tribunals may confront the same problem. In each setting, law works through facts, evidence, procedure, and discretion, affecting the real people and businesses. Accuracy alone cannot be the measure of justice. A technically correct outcome may still emerge from an opaque or predetermined process. Legitimacy depends not only on what decision is reached, but on how it is reached.

AI can improve that process by reducing burdens and helping officials navigate enormous records. But when efficiency substitutes for judgment, technology begins to reshape adjudication's constitutional character.

Conclusion

The future of adjudication should not be framed as a contest between humans and machines. Machines should search, organise, compare, and assist; humans must retain the responsibility to hear, assess, reason, and decide.

GST makes the problem visible because adjudication operates at scale. But GST is the vehicle, not the destination. The same principle extends to customs, income tax, consumer protection,

[7] UNESCO, Recommendation on the Ethics of Artificial Intelligence (adopted 23 November 2021) para 63
[8] Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence [2024] OJ L 1689, art 14

tribunals, and other areas of public decision-making. The challenge is not to make machines capable of replacing adjudicators. It is to make technology capable of serving judgment without quietly becoming judgment itself.

The future of law will not be decided by how intelligently machines reason, but by how carefully we preserve the human judgment that gives justice its legitimacy.