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## GST Registration in One State Can Be Denied Due to Non-Compliance in Another State

The Hon'ble Rajasthan High Court in the case of *Leighton India Contractors Private Limited vs Union of India & Ors [Civil Writ Petition No. 4042/2026, order dated March 05, 2026]* held that a company registered in one State which fails to comply with GST provisions, including filing of returns, would be treated as a defaulter and can be denied registration in another State, as the GST framework is both State-centric and Central-centric.

### Facts:

Leighton India Contractors Private Limited ("**the Petitioner**") sought GST registration in the State of Rajasthan under the Central Goods and Services Tax Act, 2017.

The Union of India & Ors ("**the Respondent**") denied GST registration in Rajasthan on the ground that the Petitioner had not filed GST returns in the State of Tamil Nadu.

The Petitioner contended that non-filing of returns in Tamil Nadu cannot be a ground to deny GST registration in Rajasthan. However, the Respondent contended that failure to comply with GST provisions in one State renders the assessee a defaulter, and such non-compliance justifies denial of registration in another State.

Aggrieved by denial of GST registration in Rajasthan, the Petitioner filed a writ petition seeking directions for grant of registration.

### Issue:

Whether a taxpayer who has failed to file GST returns and comply with statutory provisions in one State can be denied GST registration in another State?

### Held:

The Hon'ble Rajasthan High Court in *Civil Writ Petition No. 4042/2026* held as under:

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- Observed that, the Central Goods and Services Tax Act, 2017 operates parallel to the State GST Acts, making the framework both State-centric and Central-centric.
- Noted that, if a company registered in a particular State does not follow the provisions of law and fails to submit returns, and its registration is cancelled or put in abeyance, it cannot seek registration in another State without first complying with the Act.
- Observed that, a Company which is registered in a particular State and does not comply with the provisions of the Act, would be a defaulter and would, therefore, be denied registration in other State too.
- Concluded that, there was no merit in the Petitioner's contention, and accordingly, the writ petition was dismissed.

## **Our Comments:**

The judgment proceeds on the interpretation that the CGST Act, 2017 and State GST Acts function in a harmonized manner, wherein compliance in one State has implications across other States. The Court has emphasized that registration under GST is not compartmentalized in a manner that permits an assessee to default in one jurisdiction and simultaneously seek fresh registration in another. The reasoning is based on the principle that statutory compliance is a condition precedent for availing registration benefits, and non-compliance results in the assessee being treated as a "defaulter," thereby disentitling it from obtaining registration elsewhere.

## **Relevant Provisions:**

### ***Section 25 of the Central Goods and Services Tax Act, 2017***

*"25. Procedure for registration.-*

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*(1) Every person who is liable to be registered under section 22 or section 24 shall apply for registration in every such State or Union territory in which he is so liable within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed:*

*Provided that a casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business:*

*Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone or being a Special Economic Zone developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.*

*Explanation.-Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate baseline is located.*

*(2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:*

*Provided that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed.*

*(3) A person, though not liable to be registered under section 22 or section 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.*

*(4) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.*

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