

Administrative:

Illinois Appellate Court Affirms Summary Judgment in Taxpayer's Favor in False Claims Act Suit

Case No. 1-22-0195, Ill. App. Ct. (6/30/23). In a *qui tam* class action lawsuit filed under the Illinois False Claims Act against a foreign company alleging that it knowingly failed to collect and remit taxes under the Illinois Retailers' Occupation Tax Act and Use Tax Act on merchandise sold in Illinois through its internet and telephone sales to Illinois customers, an Illinois appellate court (Court) affirmed summary judgment for the company – agreeing that the plaintiff failed to show the company i) acted with reckless disregard (one of the three mental states of knowledge), and ii) submitted a false record or statement to the State of Illinois, as required to establish a violation under section 3 of the Illinois False Claims Act. In doing so, the Court explained that the record failed to show the company knowingly concealed, avoided, or decreased an overpayment it received from the State of Illinois, or that it made or used a false record or statement material to an obligation to pay or transmit money or property to the State of Illinois. Please contact us with any questions.

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