

Alert | International Trade



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Supreme Court Invalidates Trump Administration's IEEPA Tariffs

Go-To Guide

- The U.S. Supreme Court (SCOTUS) has ruled that President Donald Trump's administration (the administration) exceeded its authority when issuing tariffs under the International Economic Emergency Powers Act (IEEPA).
- Importers who paid IEEPA duties may wish to file protective actions in the Court of International Trade and protests with U.S. Customs and Border Protection to preserve any rights to refunds.

On Feb. 20, 2026, in the consolidated case *Trump v. V.O.S. Selections and Learning Resources, Inc. v. Trump*, SCOTUS struck down the administration's tariffs under IEEPA, which include the "reciprocal" and "fentanyl" duties imposed on imports from most countries. In a 6-3 decision, the Court sided with the lower courts, holding that the Trump administration exceeded its authority under IEEPA.

In the opinion, Chief Justice John Roberts opined that, "IEEPA contains no reference to tariffs or duties. The Government points to no statute in which Congress used the word 'regulate' to authorize taxation. And until now no President has read IEEPA to confer such power."

The decision may open the door for over \$130 billion in refunds. The opinion did not address the refunds process, although the parties discussed such a process during oral argument. Accordingly, importers may wish to file protective actions in the Court of International Trade (CIT), as well as protests with U.S.

Customs and Border Protection (CBP) before the protest period closes. Pursuant to 19 USC 1514, importers are entitled to file protests within 180 days of “liquidation.”

Entries since February 2025 for country of origin China, since March 2025 for Canada and Mexico, and since April 2025 for all other countries may be eligible for refunds. The “Importer of Record” is entitled to the tariff refund. If an importer passed the cost of the tariffs to a downstream buyer, the buyer may have a claim against the importer for any refunded amount.

Given recent activity in class-action litigation, importers who passed on the costs of tariffs to consumers may face consumer litigation asserting that refunds of the IEEPA tariffs are a windfall for importers at the expense of consumers. While these potential claims — in the form of state law unjust enrichment, deceptive practices, or price gouging claims — may not succeed in court, importers may wish to consider strategies for mitigating the risk of consumer litigation.

Other than tariffs introduced through IEEPA, the administration’s second-term tariffs remain intact, namely those imposed on steel and aluminum and derivative products, semiconductors, autos, lumber imposed under Section 232 of the Trade Expansion Act of 1962, as amended, and on products of China under Section 301 of the Trade Act of 1974, which have been in place since July 2018.

After SCOTUS released its decision, President Trump announced that the administration will impose an additional 10% tariff on all imported goods, pursuant to Section 122 of the Trade Act of 1974. Section 122 tariffs can remain in effect for 150 days; the administration **announced** that, during that time, it will roll out Section 301 investigations, which may include certain countries and specified products.

In response to the SCOTUS decision, the president **issued an executive order** late in the day, instructing the relevant agencies to take actions necessary to implement the executive order and “as soon as practicable, terminate the collection of the additional ad valorem duties” previously imposed under IEEPA.

Limits on IEEPA-Based Tariffs as Economic Sanctions Tools

The Court’s ruling may limit the legal foundation for the emergency tariff frameworks aimed at **countries trading with Iran** and **third-party oil suppliers to Cuba** that the president premised on declared emergencies under IEEPA. Those frameworks contemplated using additional tariff layers as leverage to influence foreign actors by raising costs on trading with Iran or supporting the Cuban economy.

Without IEEPA as a legal authority for tariffs, the substantive reach and enforcement of these tariff frameworks as a secondary sanctions tool may prove limited. SCOTUS’ decision reinforces the structural separation between sanctions under IEEPA (as traditionally understood for asset freezes, transaction bans, and other OFAC measures) and tariff imposition, which has historically been the province of trade statutes and Congress. Though non-tariff secondary sanctions targeting non-U.S. actors for dealings with Iran or Cuba remain available through IEEPA and related authorities, the Court’s ruling may blunt efforts to augment sanctions architecture with tariff levers that carry broader foreign policy effects.

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