

# Insights

## Supreme Court Invalidates IEEPA Tariffs

February 24, 2026

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On February 20, 2026, the Supreme Court of the United States issued a landmark decision holding the Trump Administration's tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were unlawful and exceeded the authority delegated by Congress. The Court decided, by a 6–3 majority, that IEEPA does not grant the President authority to impose sweeping import tariffs or to impose duties of unlimited scope or duration.<sup>1</sup>

In the immediate aftermath of the decision, President Trump publicly announced his Administration would pursue alternative tariff measures, initially proposing a uniform 15% global tariff under other asserted statutory authorities. The Administration has since implemented a uniform 10% global tariff, effective February 24, 2026, pursuant to separate statutory authority. These developments signal the Administration's intent to continue tariff-based trade policy through different legal mechanisms notwithstanding the Court's ruling. Importers should therefore distinguish between the invalidated IEEPA tariffs and the newly imposed 10% tariff regime, as well as any subsequent adjustments under alternative statutory authority.

Although the Court resolved the merits of the constitutional and statutory challenge under IEEPA, it expressly did not address whether, how, or when refunds must be provided to importers that paid IEEPA tariffs—estimated to exceed \$200 billion in 2025 alone.<sup>2</sup> As a result, while the decision represents a decisive legal victory for importers challenging IEEPA tariffs, it shifts the focus from the legality of the tariffs to the preservation and enforcement of refund rights.

This alert summarizes the Court's holding, identifies immediate practical implications for importers, and outlines the key questions that now return to the U.S. Court of International Trade ("CIT") and U.S. Customs and Border Protection ("CBP").

### Background

Historically, the authority to impose tariffs has rested with Congress as an exercise of its taxing and commerce powers. Over time, Congress enacted statutes delegating limited and purpose-specific tariff authority to the executive branch—most commonly in response to unfair trade practices or national security concerns—while retaining statutory guardrails and procedural constraints. The Trump Administration's reliance on IEEPA to impose broad-based import tariffs represented a departure from this framework. Enacted in 1977 to address foreign threats through targeted economic measures such as sanctions and financial controls, IEEPA had not previously served as a general vehicle for imposing sweeping import duties. Its use in that manner raised significant statutory and constitutional questions regarding the scope of presidential emergency powers and the limits of congressional delegation.

Those questions were presented in *Learning Resources, Inc. v. Trump* and related cases challenging the legality of IEEPA tariffs. After the U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit concluded IEEPA did not authorize the tariffs, the Supreme Court granted certiorari and heard oral argument on November 5, 2025.

While the litigation was pending, uncertainty regarding refund availability and the doctrine of liquidation finality led a growing number of importers—including several large, well-known companies such as Costco Wholesale Corporation and other nationally recognized retailers and manufacturers—to file protective actions in the Court of International Trade to preserve potential refund rights. These filings accelerated through mid-to-late 2025 as the financial exposure associated with IEEPA tariffs increased and the risk of liquidation before final judicial resolution became more pronounced.<sup>3</sup>

### **The Supreme Court's Holding**

The Court held IEEPA's authorization to "regulate ... importation" does not include the power to impose tariffs or duties, emphasizing the Constitution assignment of taxing power—and specifically the power to impose tariffs—to Congress. Chief Justice Roberts explained that reading IEEPA to allow tariffs would constitute a transformative expansion of presidential authority unsupported by statutory text or historical practice.<sup>4</sup>

A majority of the Court further concluded IEEPA tariffs failed under the major questions doctrine, which requires clear congressional authorization before the executive may exercise powers of vast economic and political significance.<sup>5</sup> The Court stressed that when Congress has delegated tariff authority in other statutes, it has done so expressly and subject to detailed procedural constraints—features absent from IEEPA.

Importantly for importers, the Court did not order refunds, establish a remedial framework, or identify the procedural mechanisms through which recovery must occur. In dissent, Justice Kavanaugh acknowledged that the ruling may require the federal government to refund billions of dollars in duties collected under IEEPA tariffs.<sup>6</sup>

### **Immediate Practical Implications for Importers**

The decision invalidates the legal basis for continued collection of IEEPA tariffs. However, CBP will require formal implementing instructions from the executive branch before ceasing collection, and importers should anticipate additional guidance regarding timing and procedural mechanics.<sup>7</sup>

The ruling does not affect tariffs imposed under other statutory authorities, including Sections 232 and 301 of the Trade Act, which remain in force.<sup>8</sup> Importers should therefore evaluate ongoing exposure under those authorities independently of the Supreme Court's ruling on IEEPA. Any further tariffs imposed by the Administration as a result of the Supreme Court ruling may be subject to additional legal challenges, and importers should ensure that tariffs paid under any new tariff regime are appropriately tracked and documented in the event of future litigation.

### **Refunds for Past Entries: The Central Unanswered Question**

The Supreme Court's silence on refunds means that the availability and scope of relief will now be determined in downstream proceedings. Lower courts—principally the CIT—are likely to confront questions regarding whether refunds are automatic or must be affirmatively claimed, what procedural vehicles are available, whether liquidation forecloses recovery for certain entries, and whether jurisdictional or equitable doctrines limit relief to parties that preserved claims.<sup>9</sup>

Beyond purely judicial considerations, public statements from Administration officials suggest that any refund process may require affirmative action by importers and could be subject to administrative conditions, offsets, or phased repayment procedures. At the same time, certain state officials and governors have urged federal authorities to expedite refunds for in-state businesses and have explored coordinated advocacy efforts to accelerate recovery. These developments indicate that the ultimate refund process may involve policy and

administrative considerations in addition to the Supreme Court's legal ruling.

Any such remedies may be subject to statutory or regulatory deadlines, including time limits tied to liquidation or protest procedures. Importers should therefore closely monitor guidance from CBP and the Administration and act promptly to preserve potential claims.

### **Recommended Actions for Importers Now**

Importers should confirm the liquidation status of affected entries, evaluate available administrative and judicial mechanisms to preserve refund rights, assess existing or contemplated CIT litigation, and begin (if they have not already) assembling entry summaries, duty payment records, and liquidation data for all entries on which IEEPA tariffs were paid. Because liquidation is the point at which Customs finalizes an entry and the assessed duties generally become conclusive absent timely protest, entries approaching liquidation warrant particular attention. Should any entries be close to liquidation, importers should consider requesting a delay of liquidation in light of the Supreme Court's opinion and, where appropriate, submitting post-summary corrections seeking refunds prior to liquidation.

Companies with significant exposure should also conduct a preliminary cost-benefit analysis comparing anticipated recovery against the administrative and litigation costs potentially required to secure refunds.

### **Issues Likely to Be Addressed by the Lower Courts**

Now that the Supreme Court has resolved the legality of the tariffs, the CIT and Federal Circuit are likely to address the interaction between liquidation finality and unlawfully imposed duties, the scope of CBP's refund authority, and whether relief extends beyond litigants who preserved claims.

Courts may also confront arguments concerning equitable limitations, administrative feasibility, and the timing of repayment given the aggregate magnitude of duties collected under the invalidated regime.

### **Conclusion**

The Supreme Court's decision definitively invalidates IEEPA tariffs, but it does not resolve the remedial landscape. For importers, the focus now shifts from constitutional authority to impose the tariffs to the procedural steps necessary to preserve refund rights, manage liquidation timing, and evaluate appropriate forums. In many cases, affirmative steps may still be required to ensure that today's victory results in meaningful recovery.

Krieg DeVault's attorneys will continue to monitor developments arising from the Supreme Court's decision, including related proceedings in the U.S. Court of International Trade and guidance from U.S. Customs and Border Protection regarding the cessation of IEEPA tariff collections, refunds, liquidation, and available administrative and judicial remedies. Importers and other affected businesses with questions regarding potential refund rights, liquidation timing, or post-decision litigation and compliance strategies or exposure under newly proposed tariff measures are encouraged to contact Kendall Schnurpel, Alex Wimmer, or their regular Krieg DeVault attorney.

<sup>1</sup> *Learning Res., Inc. v. Trump*, 24–1287, 2026 WL 477534 (U.S. Feb. 20, 2026)(Consolidated with *Trump v. V.O.S. Selections, Inc.*, No. 25-250 (U.S. Feb. 20, 2026)).

<sup>2</sup> See *Learning Res., Inc. v. Trump*, 24–1287, 2026 WL 477534, at \*78 (U.S. Feb. 20, 2026 (*Kavanaugh, J., dissenting*)).

<sup>3</sup> See our prior alert here: [Import Tariffs and Protective Litigation: Considerations for Importers](#).

<sup>4</sup> *Learning Res., Inc. v. Trump*, 24–1287, 2026 WL 477534, at \*2 (U.S. Feb. 20, 2026)

<sup>5</sup> See *West Virginia v. EPA*, 597 U.S. 697 (2022).

<sup>6</sup> *Learning Res., Inc. v. Trump*, 24–1287, 2026 WL 477534, at \*51 (U.S. Feb. 20, 2026)

<sup>7</sup> See 19 U.S.C. § 1500.

<sup>8</sup> See Trade Expansion Act of 1962 § 232, 19 U.S.C. § 1862; Trade Act of 1974 § 301, 19 U.S.C. § 2411.

<sup>9</sup> See, e.g., Supreme Court Strikes Down IEEPA Tariffs: The Refund Process Will Be Messy, Snell & Wilmer LLP (Feb. 20, 2026).

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