Insights: Alerts

Supreme Court Invalidates IEEPA Tariffs – Initial Takeaways and Actions

February 20, 2026

Written by **Stephen M. Anstey** and **John C. F. Loving**

On February 20, 2026, the Supreme Court issued its long-anticipated decision addressing the scope of the President's tariff authority under the International Emergency Economic Powers Act ("IEEPA"), holding that the statute does not authorize the imposition of the broad, revenue-generating tariffs adopted by the Trump Administration, including the so-called "reciprocal tariffs." More succinctly, the Court held that "IEEPA does not authorize the President to impose tariffs." The decision represents one of the most consequential judicial interventions in the history of U.S. trade policy and carries immediate and far-reaching implications for importers, manufacturers, consumers, and global supply chains.

Critical initial issues impacted entities must now consider include:

- Whether the government must repay IEEPA tariffs, and through what mechanisms refunds may be pursued.
- Immediately preserving all documentation relating to IEEPA tariff payments.
- Whether Congress will take legislative action to provide redress for impacted companies or limit future tariff implementation.
- Reviewing contracts and commercial arrangements affected by the tariffs.
- Preparing for likely follow-on litigation, including refund and contractual disputes.
- Anticipating significant lobbying and industry engagement over how the ruling is implemented, including the potential establishment of a federal process to repay IEEPA tariffs.
- Monitoring potential reimposition of certain IEEPA tariffs under alternative authorities, such as Sections 232 or 301.

The Court's Decision

In its opinion, the Court rejected the Administration's expansive interpretation of IEEPA and framed the asserted authority as an extraordinary claim of unilateral power to impose tariffs without meaningful limits as to scope, rate, or duration. The Court emphasized that, "'tariff[s],' after all, '[are] a tax levied on imported goods and services,'" and it treated that feature as central to the constitutional problem with reading IEEPA to authorize tariff-setting. It reaffirmed that the power to impose duties and tariffs is constitutionally vested in Congress, and that "[w]hen Congress has delegated its tariff powers, it has done so in explicit terms, and subject to strict limits." Because the Constitution assigns the taxing power to Congress, the Court held that the President needed clear congressional authorization to impose tariffs. It concluded that IEEPA's general authority to regulate importation does not supply that clear authorization.

The Court did not resolve the scope of retroactive relief. The opinion invalidates the IEEPA tariffs as unauthorized, but it does not mandate a specific refund process or address repayment mechanics. Notably, in his dissent, Justice Kavanaugh states, "[i]n the meantime, however, the interim effects of the Court's decision could be substantial," also noting that "[t]he United States may be required to refund billions of dollars to importers who paid the IEEPA tariffs […]."

Implications and Next Steps of Affected Entities

For impacted entities, the immediate landscape will be defined by litigation, federal agency action, trade and goods-related agreements, and policymaking. It remains unclear what next steps the federal government will take in response to this decision, including actions by the Administration, USTR, Treasury, and Customs. The Trump Administration has indicated that it would be extremely difficult to repay tariffs under existing federal procedures, including those administered through USTR and Customs. Significant follow-on litigation is likely as companies seek to compel the government to provide relief for the now-invalidated tariffs.

Intense industry engagement, litigation, and coordinated lobbying efforts are also expected as companies seek to influence any potential refund frameworks, protect commercial interests, and shape any reassertion of tariff authority under alternative statutes. Existing tariffs under Sections 232 and 301 are not impacted by the ruling, though the President may seek to reimpose certain former IEEPA tariffs under those statutory authorities. Future tariff actions are now more likely to proceed through formal statutory processes, subject to agency investigation, interagency coordination, and heightened congressional oversight. Over the coming weeks and months, trade policy is likely to be shaped as much by litigation and stakeholder engagement as by executive initiative.

Related People

Stephen M. Anstey

t 202.824.1427

sanstey@ktslaw.com

John C. F. Loving

t 202.508.5826

jloving@ktslaw.com