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Indirect Tax Alert



US Tariffs: Overturning Decision of the US Supreme Court

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On 20 February 2026, the US Supreme Court ruled – by majority – that the International Emergency Economic Powers Act (“IEEPA”) does not grant President Trump the authority to impose tariffs, thereby invalidating the tariff measures that had been imposed in 2025. It is noted that the Supreme Court did not rule on the right to a refund of the duties already paid, and the matter was remanded for lower-court resolution. At the same time, on 24 February 2026, the US Government activated a temporary 10% ad valorem global import tariff on goods entering the US under Section 122 of the Trade Act of 1974, following a Presidential Proclamation. The period ahead is expected to be particularly critical, with rapid changes in trade measures and significant economic implications for businesses. Specifically:

Latest Developments

- The US Supreme Court examined two consolidated cases (*Learning Resources Inc., et al. v. Trump and Trump v. V.O.S. Selections Inc., et al.*), which challenged tariffs that President Trump had imposed under the International Emergency Economic Powers Act (“IEEPA”).
- Lower courts had already ruled that the above-mentioned Act does not grant the US President the authority to impose tariffs, a position confirmed by the US Supreme Court on 20 February 2026, thereby invalidating the related presidential actions.

Decision

- The US Supreme Court held that the International Emergency Economic Powers Act (“IEEPA”) does not grant President Trump the authority to impose tariffs, noting that the Constitution vests this power in Congress – and not in the Executive branch.
- The above-mentioned Act is limited to specific authorities (e.g., blocking, prohibiting, and regulating importation), without providing for the ability to impose tariff or duties.
- Finally, the majority emphasized that no implicit delegation of taxing authority can be inferred absent explicit statutory language, noting further that no other US President had used IEEPA to impose tariffs in the statute’s fifty-year history.

Refunds and Remedies

- The US Supreme Court did not rule on the right to a refund of the duties paid from February 2025 to the present under the International Emergency Economic Powers Act (“IEEPA”), and the matter was remanded for lower-court resolution.
- According to the official data of US Customs and Border Protection (“CBP”), the total amounts collected for 2025 and 2026 reached approximately USD 170 billion.
- In this context, it should be noted that further guidance is expected from the competent US authorities regarding the refund-claim process.

US Government Response

- In response to the US Supreme Court’s decision, President Trump issued, on 24 February 2026, a proclamation, establishing a temporary 10% ad valorem global import tariff under Section 122 of the Trade Act of 1974.
- This tariff will remain in effect for 150 days, until 24 July 2026, unless modified or extended by Congress.
- Consequently, for products originating from the EU, the previously applicable 15% tariff is now increased to 25%.
- It should be noted, however, that the above 10% ad valorem global import tariff does not apply to product categories under Section 232 of the Trade Expansion Act of 1962, such as steel, aluminum, vehicles and parts thereof, as well as to product categories that remain under ongoing investigation pursuant to that provision, including pharmaceuticals, aerospace products, etc.

Points for consideration by affected businesses

In light of the above, certain actions that may be appropriate for affected businesses include:

- Comprehensive mapping of import and duty-related data, consolidating all relevant information so that businesses are fully prepared for potential future refund claims.
- Seeking specialized advice and guidance to address potential disputes with the US Customs authorities, as well as to support any duty-refund claims that may arise.

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