Supreme Court Strikes Down Trump's Global Tariffs: Impact and Next Steps

***Learning Resources, Inc. v. Trump*, 607 U.S. ___ (Feb. 20, 2026)**

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Authors:

Jan de Beer
Aaron R. Rodgers
Zachary D. Mills
Ian Strang

On February 20, 2026, the U.S. Supreme Court struck down a large swath of the tariffs implemented by President Trump. In *Learning Resources, Inc. v. Trump*, the Court ruled that President Trump exceeded his executive authority in implementing certain tariffs, which are generally within the purview of Congress, and that President Trump could not rely on the International Emergency Economic Powers Act (IEEPA) as authority to implement tariffs.

IEEPA and Tariff Background

Article 1, Section 8 of the U.S. Constitution explicitly grants Congress the sole authority to impose taxes and regulate trade/commerce with the United States. Congress enacted IEEPA in 1977, granting the president limited authority to regulate trade during times of national emergency. Previously, no president had invoked IEEPA to impose any taxes or duties. In February 2025, President Trump became the first when he announced the imposition of tariffs against Canada, Mexico, and China, intended to address concerns related to the production and trafficking of synthetic opioids (the "fentanyl" tariff program).

The fentanyl tariffs were followed by the imposition of the "Liberation Day" reciprocal tariff program, which set a global minimum tariff rate of 10% on all imports, with increased rates for "bad actors." The Trump administration also implemented tariffs under Section 232 of the Trade Expansion Act of 1962, which were not challenged in *Learning Resources, Inc.*

Supreme Court's Decision

The Supreme Court ruled that import tariffs are essentially a tax, the regulation of which belongs solely within Congress's purview. Here, President Trump relied on IEEPA, which authorizes the president to

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"regulate . . . importation" of trade during a national emergency. The Supreme Court held that IEEPA does not clearly authorize the president to tax or impose duties, and thus President Trump cannot rely on IEEPA as authority to impose sweeping, global tariffs. As such, both the fentanyl and reciprocal tariff programs were deemed unlawful.

It is important to note that the Supreme Court's ruling does not implicate President Trump's other tariffs. Section 232 tariffs on items such as aluminum, steel, and copper products, automobiles, and lumber products, as well as the Section 301 tariffs on Chinese-origin goods implemented during the first Trump administration, remain in effect.

Trump Administration's Response

Immediately after the release of the Supreme Court's ruling, President Trump held a press conference in which he denounced the decision and announced new tariffs. "Effective immediately, all national security tariffs under Section 232, and existing Section 301 tariffs — they're existing, they're there — remain in place, fully in place, and in full force and effect," President Trump said. On the day after the Court's opinion was released, President Trump doubled down, increasing global tariffs duly authorized under Section 122 of the Trade Act of 1974 to 15%. Under this 1974 law, the president is authorized to impose tariffs of up to 15% for 150 days, unless an extension is granted by Congress.

What's Next?

President Trump has other options to impose tariffs, but these alternatives come with specific limitations on how and when the president can impose tariffs:

- **Section 232 of the Trade Expansion Act of 1962** gives the president authority to impose tariffs on national security grounds with no cap on the level or duration of duties. However, the president can only act after an investigation by the Commerce Department, which must report within 270

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days. President Trump has already used Section 232 for steel, aluminum, autos, copper, and other products, and those tariffs remain in place. Notably, Section 232 measures would not allow a blanket country-specific tariff unconnected to a specific national security finding (e.g., a 50% tax on imports from Brazil).

- **Section 301 of the Trade Act of 1974** provides for country-specific tariffs to address unfair trade practices but requires a United States Trade Representative investigation. As such, the scope of Section 301 tariffs is significantly limited when compared to the prior global reciprocal tariffs.
- **Section 122 of the Trade Act of 1974** permits a temporary import surcharge of up to 15% for no more than 150 days, unless extended by Congress, far more limited than what President Trump had under IEEPA. As noted above, President Trump used Section 122 to impose a global 15% tariff in response to the Supreme Court's decision in *Learning Resources, Inc*.
- **Section 201 of the Trade Act of 1974** requires an International Trade Commission investigation with public hearings. Section 201 is focused at the industry level, rather than broad country-wide tariffs, and is capped at 50% above existing duty rates with mandatory phase-downs.
- **Section 338 of the Tariff Act of 1930** permits the imposition of tariffs of up to 50% on imports from nations engaging in discriminatory behavior against U.S. commerce. As Section 338 has never been used, the imposition of such tariffs would likely invite legal challenges.

What About Refunds?

The Supreme Court's majority opinion was notably silent as to whether, and how, companies who paid these tariffs might seek and receive a refund. As Justice Kavanaugh noted in his dissent (and in oral arguments), such a process would be complicated and is likely to take some time. Despite the administrative burden, many importers are expected to pursue refunds, as the IEEPA tariffs pulled in an estimated $175 billion.

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The refund process will likely be determined by both the U.S. Court of International Trade and Customs and Border Protection (CBP). At the time of this publication, CBP has established the Consolidated Administration and Processing of Entries (CAPE) refund system and has already approved more than $100 billion in IEEPA tariff refunds; however, significant litigation remains regarding finally liquidated entries and the scope of relief available to importers that did not file actions before the Court of International Trade.

Key Takeaways

- The Supreme Court held that IEEPA does not authorize the president to impose taxes or duties, striking down tariffs that relied solely on IEEPA (notably the "Liberation Day" global reciprocal tariffs and the "fentanyl" tariffs on Canada, Mexico, and China).
- Tariffs imposed under other congressionally delegated authorities, such as Section 232 of the Trade Expansion Act of 1962 and various sections of the Trade Act of 1974, remain in effect and are not implicated by the Supreme Court's decision.
- The Trump administration has moved to invoke alternative statutory authority for tariffs, though these alternatives are more procedurally constrained and narrower in scope than IEEPA.
- A major unresolved issue is whether, and how, importers may obtain refunds for duties paid under the invalidated IEEPA tariffs, a question that will likely be addressed through further litigation and administrative processes.

FBT Gibbons' Trade and Foreign Law team is continuing to monitor for updates and stands ready to assist importers as the tariff refund process is fleshed out. Please contact the authors to discuss strategies to offset the negative effects of tariffs on your business.

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