



News & Types: Commercial, Competition & Trade Update

The Supreme Court's IEEPA Tariff Decision – What Comes Next?

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On February 20, 2026, the U.S. Supreme Court issued its highly anticipated decision in *Learning Resources, Inc. v. Trump*, holding 6–3 that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs. The majority, in an opinion by Chief Justice Roberts, concluded that IEEPA’s authority to “regulate ... importation” cannot be stretched to include the distinct power to tax imports, which the Constitution assigns to Congress. The Court also relied on the major questions doctrine, characterizing the administration’s use of IEEPA to support broad, revenue-generating tariffs as a transformative expansion of presidential power that Congress never clearly approved.

As discussed in our prior client advisory, the decision does not automatically trigger refunds of IEEPA-based tariffs already paid. The Court did not prescribe a remedial framework, and the dissent cautioned that any refund process is likely to be messy and protracted. The administration has likewise signaled that refund issues “have to get litigated,” foreshadowing years of test cases and procedural battles. Importers that filed protective actions at the U.S. Court of International Trade (CIT) are relatively well positioned, while those that have not should promptly evaluate whether to pursue CIT relief as the two-year statute of limitations under 28 U.S.C. § 1581(i) continues to run.

Also as expected, the administration moved quickly to replace the invalidated tariffs. Within hours of the decision, President Trump signed an executive order imposing a 10% global tariff under Section 122 of the Trade Act of 1974 and announced forthcoming Section 301 investigations. Section 122 tariffs are capped at 15% and expire after 150 days of absent Congressional authorization, making this a bridge while the administration works to build a longer-term tariff framework, possibly under Sections 301 and 232.

Importers should preserve and prosecute refund rights with respect to invalidated IEEPA tariffs, while preparing for the next wave of duties under alternative statutory authorities, while also managing the practical issues flagged in our earlier client advisory, including overlapping refund pathways, contractual allocation of tariff costs, and anticipated negotiations or disputes over who ultimately benefits from any recovery.

Masuda Funai will continue to monitor these fast-moving developments and assist clients in navigating the evolving U.S. tariff regime.

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