

# US Supreme Court rules against Trump in critical IEEPA tariff case



*The Supreme Court has ruled President Donald Trump could not use IEEPA to implement tariffs against US trading partners. Photo credit: Dennis MacDonald / Shutterstock.com.*

[Eric Johnson, Senior Technology Editor](#) | Feb 20, 2026, 10:25 AM EST

The US Supreme Court on Friday ruled that President Donald Trump did not have the authority under the International Emergency Economic Powers Act (IEEPA) to implement his wide-ranging global tariffs against US trading partners, upending the cornerstone of his administration's economic policy.

The 6-3 decision by the nation's highest court to essentially declare as illegal the tariffs implemented by the US since last April's so-called "Liberation Day" is likely to throw the Trump administration's tariff policy into disarray.

Trump, during a press briefing at the White House after the ruling, said he was "ashamed" of the justices who voted to kill the tariffs, but vowed he would pursue new

options to put them in place.

“Other alternatives will be used to replace the ones the Court incorrectly suspended,” he said.

That includes the immediate implementation of a 10% “global” tariff under so-called Section 122 action, presumably levied against all US trading partners.

“We’ll go in a different direction, which is even stronger than our original choice,” Trump said.

The ruling could potentially unlock US-bound ocean freight volumes that have been bogged down since the end of the 2025 peak season due to economic uncertainty and worries that tariff costs couldn’t be effectively passed on to consumers.

IEEPA-based tariffs vary between 10% and 50%, depending on the country, although most were 15% or lower.

Numerous importers have decried the cost of paying tariffs as a material drag on their businesses over the past year, either due to the impact of price increases or profit margin pressure. Companies have also had to undertake nearly constant scenario planning to account for rapid changes to tariff exposure and subsequent sourcing location changes.

A paper published earlier this month by the New York Federal Reserve found that 90% of the added costs of Trump’s tariffs were being passed on to consumers and businesses.

## What’s next?

The Supreme Court ruling is likely to lead to a chain reaction of legislation and administrative actions involving the Trump administration, US Customs and Border Protection, US importers, and trade consultants and attorneys representing those importers.

CBP will have to refund importers hundreds of billions of dollars of tariffs paid over the course of the last nine months, though the Supreme Court’s decision Friday did not specify how that process should take place.

Pete Mento, director of global trade advisory services at accounting firm Baker Tilly, told the *Journal of Commerce* that the Court of International Trade will decide how the refund process will unfold, a decision he said will likely come quickly.

In early January, CBP shared a new electronic refund process that trade experts saw as a foreshadowing of Friday's decision.

"The court said tariffs are taxes, taxes belong to Congress, and 'regulating importation' in a sanctions statute does not secretly mean 'rewrite the HTS [Harmonized Tariff Schedule] because the trade deficit hurt your feelings,'" Mento wrote in a LinkedIn post Friday.

The calls for refunds are coming fast. The National Retail Federation praised the Supreme Court's decision and urged lower courts to "ensure a seamless process to refund the tariffs to US importers."

"[The Court's decision] provides much-needed certainty for US businesses and manufacturers, enabling global supply chains to operate without ambiguity," David French, the NRF's executive vice president of government relations, said in a statement.

Analysts at Global Trade Alert estimate that the trade-weighted average tariff will fall from 15.4% to 8.3% on US imports, notwithstanding the imminent imposition of 10% tariffs under the Section 122 provision.

## **Other tariff mechanisms available**

In the meantime, the administration has previously signaled its intent to implement tariffs through other legislative mechanisms if the Court struck down its IEEPA tariffs. Levers that are available to the Trump administration include the aforementioned Section 122, a provision that allows the executive branch to assess tariffs on countries to address a "large and serious" balance-of-payments deficit through import surcharges of up to 15%, import quotas, or a combination of the two, according to a December blog from the American Enterprise Institute.

The catch with actions under Section 122 is that while they don't require Congressional approval, they expire after 150 days. The president could, theoretically, extend them for another 150 days, but that action would be seen to contravene the spirit of the section. Also notable is that Section 122 has never been used before specifically to impose trade restrictions.

Another option is use of Section 338, a largely defunct provision that allows the president to impose tariffs of up to 50% on imports from countries that discriminate against US commerce compared with other nations, the AEI blog explained.

Section 338 is largely thought to have been supplanted by Section 301, the unfair trading practices provision under which Trump instituted tariffs against China in his

first term. Under 301, the US Trade Representative must conduct an investigation before deciding that tariffs are necessary.

The administration could expand its use of Section 232 tariffs, also deployed widely in Trump's first term, to target national security risks.

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