



Seraph.

TARIFF & TRADE UPDATE

IEEPA Tariff Revocation
Impact Webinar

February 25th, 2026

Helping **Manufacturing Executives**
respond to the latest from the
Trump White House

On Feb 20th, the Supreme Court struck down IEEPA tariffs; the Trump admin responded with a section 122 15% blanket tariff

Supreme Court decision

Background

- IEEPA¹⁾ was invoked twice to impose tariffs.
- First, for “Fentanyl Tariffs” on Canada, Mexico, and China.
- Next, for “Liberation Day” reciprocal tariffs (global).

Case

- Two cases were consolidated and brought to the Supreme Court for review.
- Learning Resources, Inc. v. Trump: Two small toy importers sued in the D.C. federal district court. Court held that IEEPA does not grant tariff power.
- V.O.S. Selections v. United States: Five businesses and 12 states sued in the CIT²⁾ (trade court). CIT also held that IEEPA does not grant tariff power.
- Lower court injunctions were stayed pending SCOTUS appeal.

Decision, IEEPA tariffs struck down 6-3

- Majority opinion (Roberts): Applied major questions doctrine and concluded that Congress must explicitly grant tariff authority to the president (joined by Gorsuch and Barrett).
- Concurring opinion: Sotomayor, Kagan, and Jackson concurred, but did not agree with application of major questions doctrine.
- Dissenting opinion (Kavanaugh): Argued that tariffs are a “traditionally and common tool to regulate importation” (joined by Thomas and Alito).

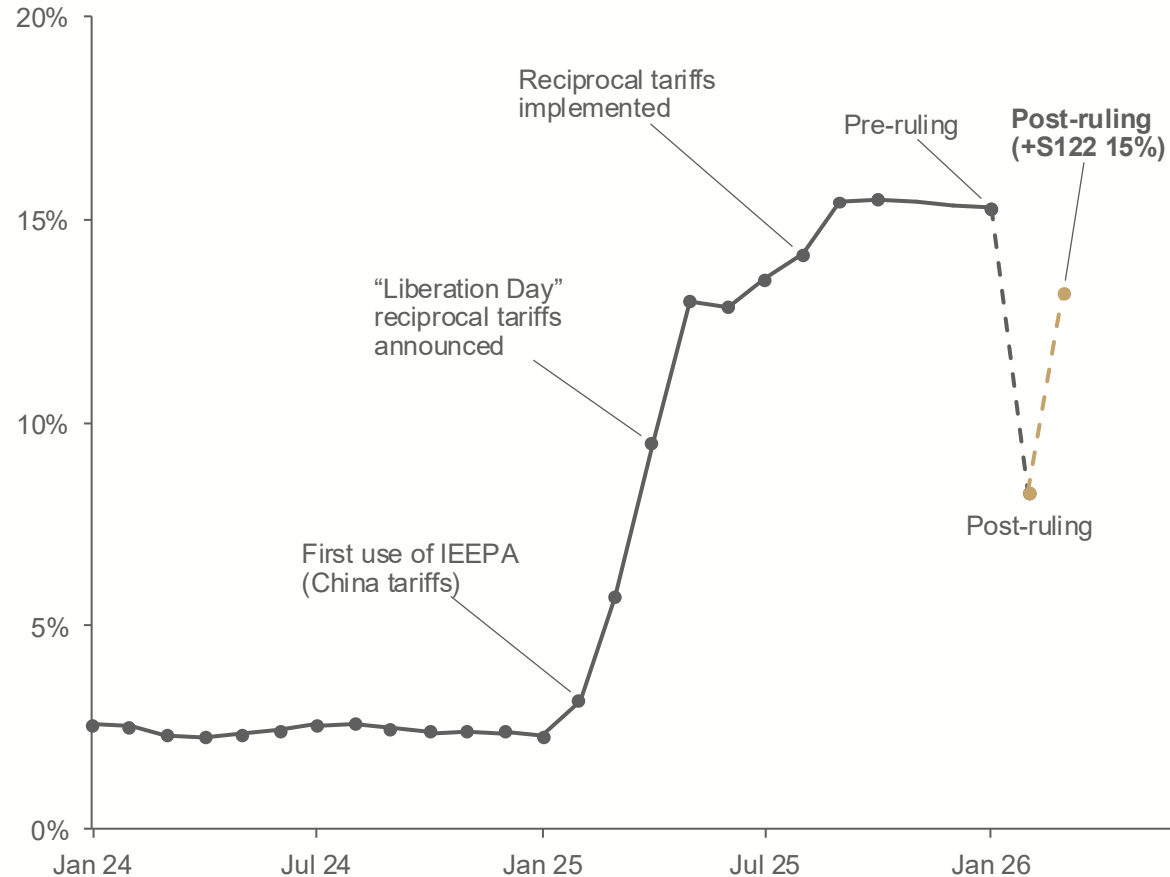
Impact on current tariff landscape

Tariff Type	Legal Authority	Status
“Liberation day” tariffs (10%+)	IEEPA	Revoked
Fentanyl tariffs Canada (25%)	IEEPA	Revoked
Fentanyl tariffs Mexico (25%)	IEEPA	Revoked
Fentanyl tariffs China (10-20%)	IEEPA	Revoked
Additional tariffs on Brazil, India, Russia	IEEPA	Revoked
De minimis exemption suspension	IEEPA (+ new EO)	Continued
Steel, aluminum, copper, & lumber tariffs	Section 232	Continued
Automotive tariffs	Section 232	Continued
China-specific trade war tariffs	Section 301	Continued
Section 122 blanket 15% tariff	Trade Act of 1974	NEW

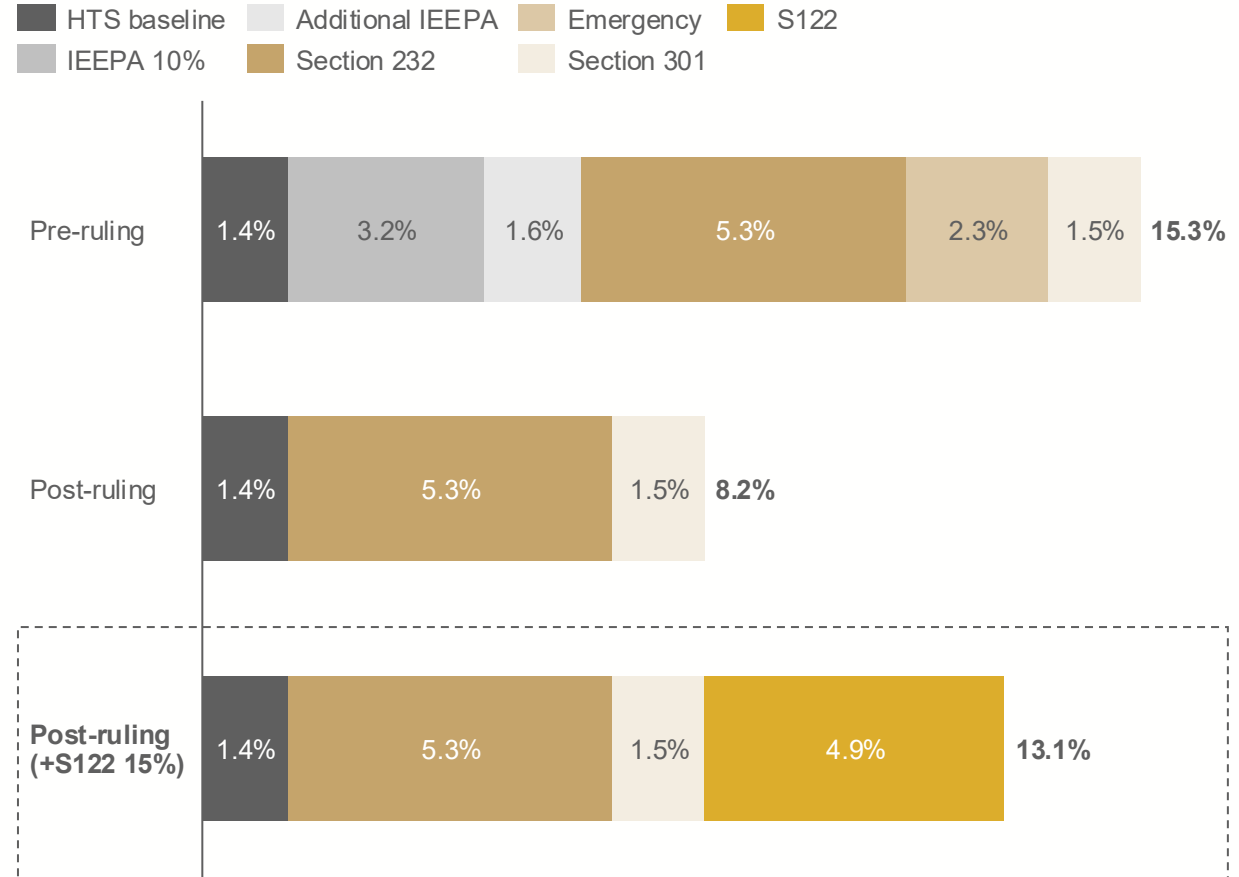
1) International Emergency Economic Powers Act 2) Court of International Trade

The court's decision briefly brought the US' effective tariff rate down to 8.2%; section 122 blanket tariff brings it back up to 13.1%

US tariff rate¹⁾, by month



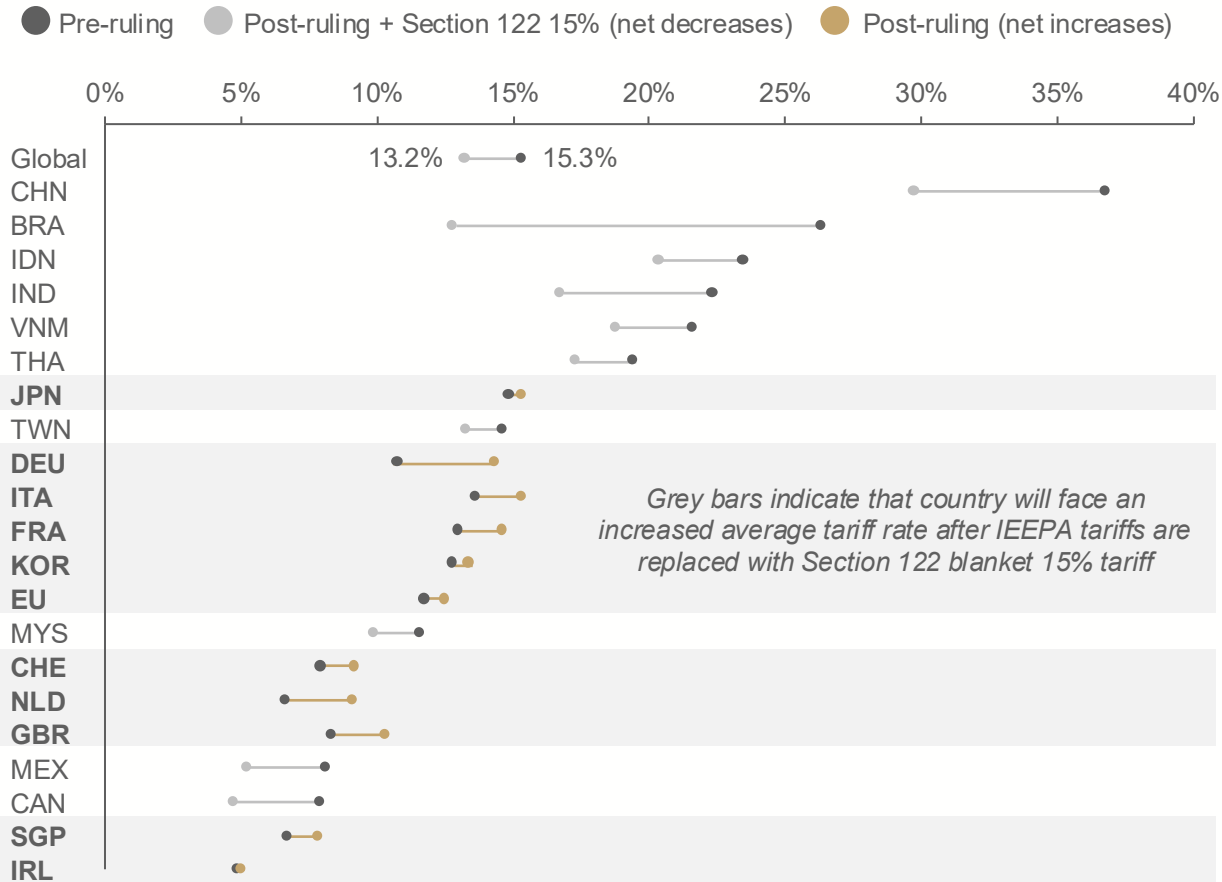
Breakdown of US net effective tariff rate



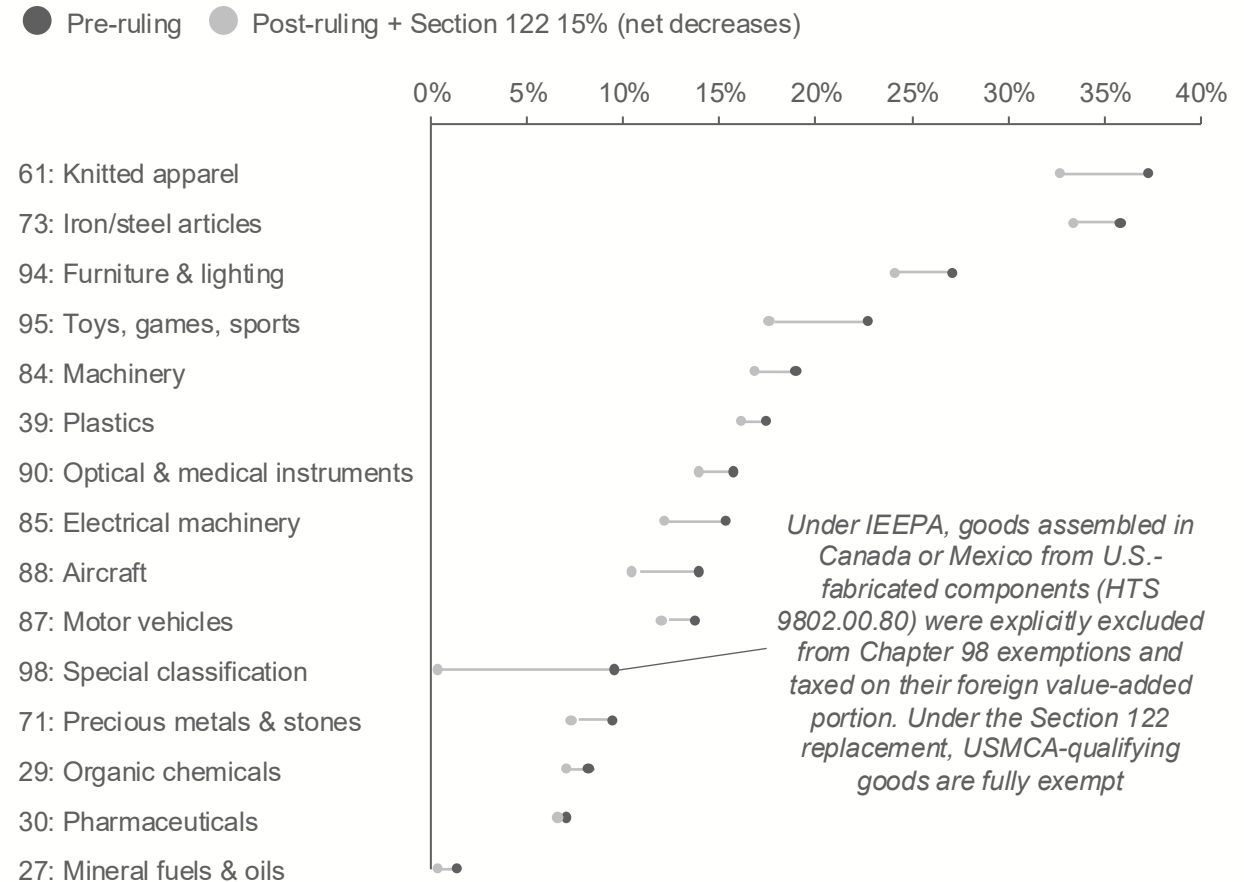
1) Penn Wharton Budget Model calculated tariff for '24-'25 figures, Global Trade Alert calculated tariff rate for '26 figures
Source: Penn Wharton Budget Model, Global Trade Alert

Most major trading partners and imported goods categories will see tariff decreases

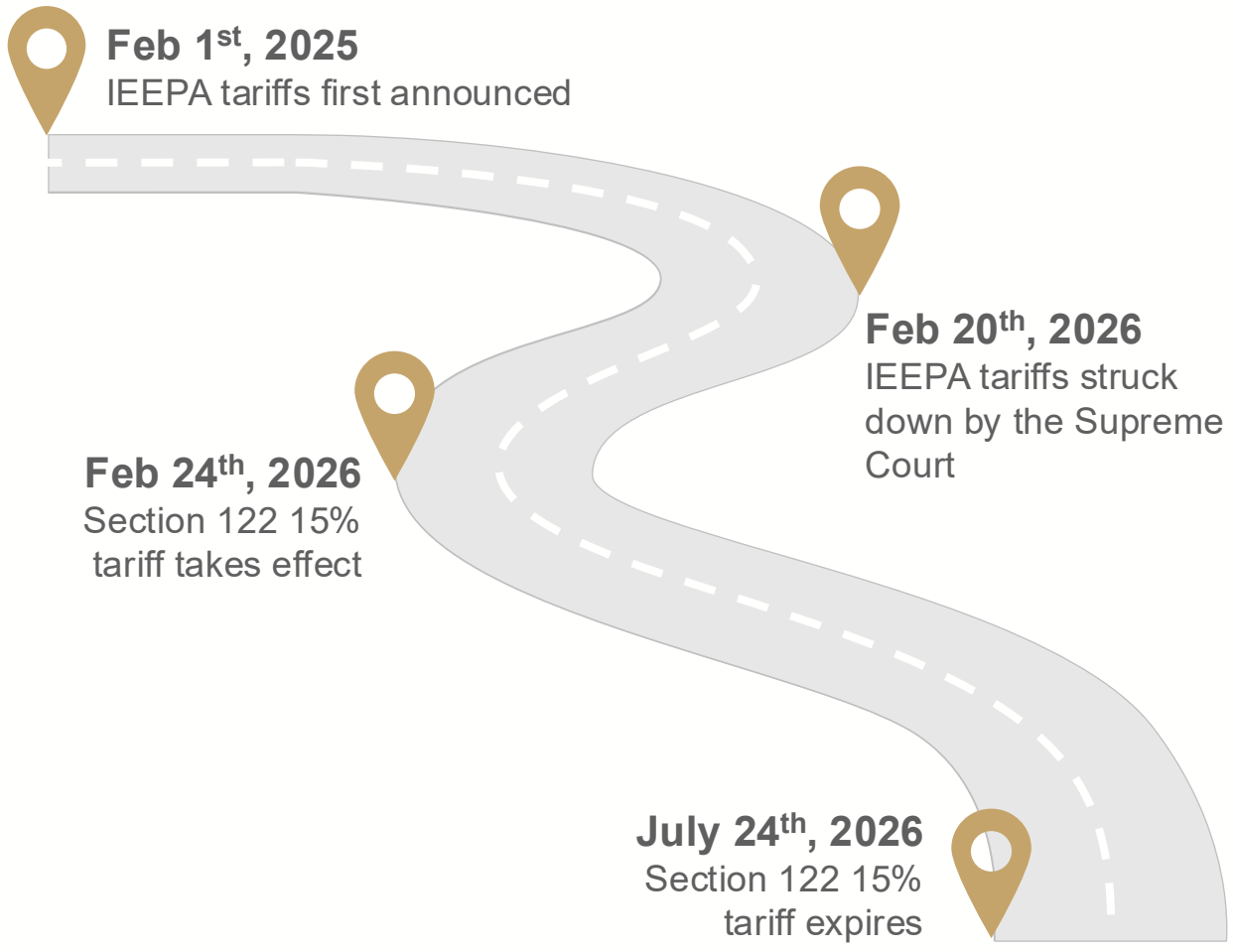
Tariff rates pre- and post-ruling, top 20 import sources



Tariff rates pre- and post-ruling, top 15 import categories



The section 122 blanket 15% tariff will expire this July, but the administration has ways to respond



A Congressional Action (least likely)

Congress could explicitly authorize tariffs (restoring some version of the IEEPA tariff structure), vote to extend Section 122 beyond 150 days, or pass legislation constraining executive tariff authority. Given the divided response to prior tariff legislation, this is the least likely scenario.

B Section 338 Tariffs

Legal analysts have flagged Section 338 as another potential vehicle; it allows retaliatory tariffs against countries deemed to be "discriminating" against US commerce. This statute has never been meaningfully tested in modern courts, making its use relatively unlikely.

C Announce new Section 122 Tariffs Indefinitely

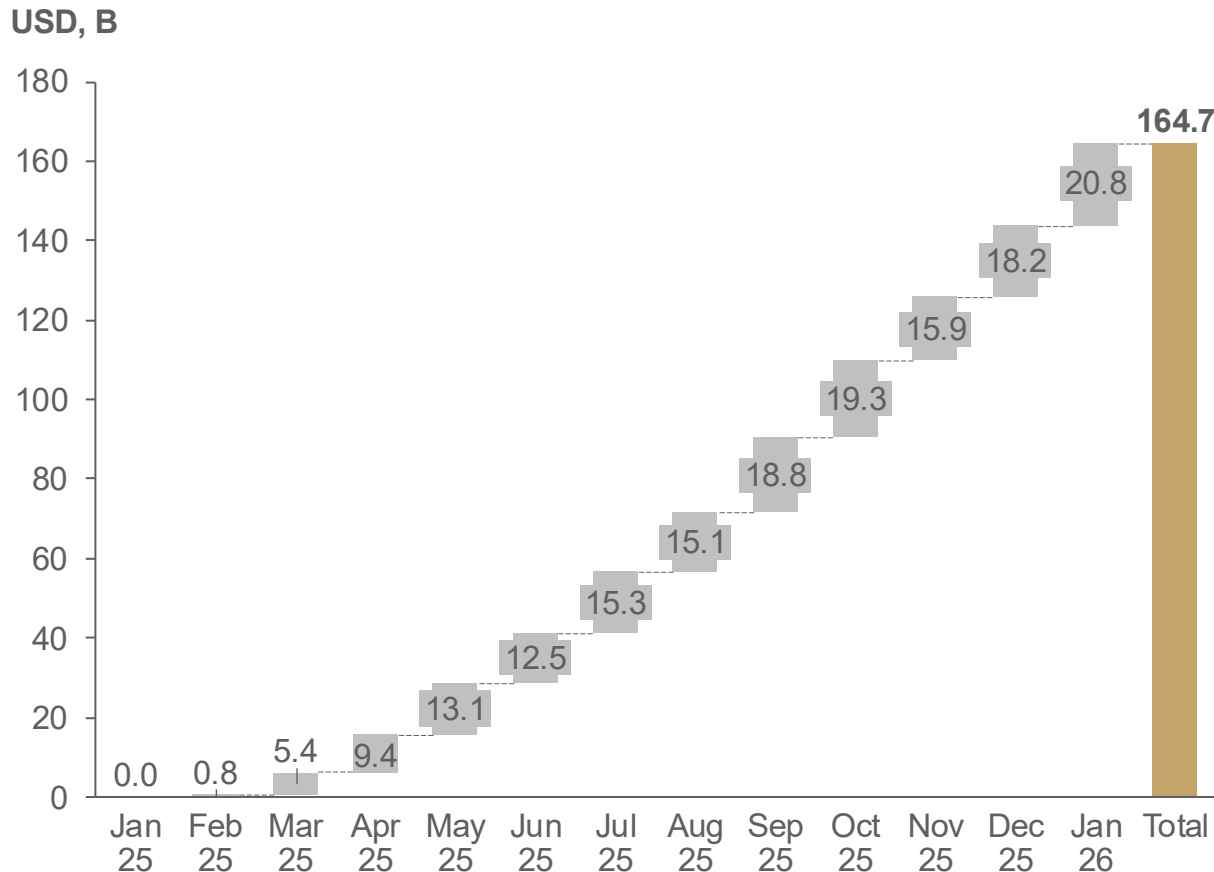
The administration could allow the tariffs to lapse, declare a new balance-of-payments emergency, and restart the 150-day clock. This would almost certainly be challenged in the courts.

D Section 232 & 301 Investigations (most likely)

The administration has signaled it will use Section 232 (national security authority) and Section 301 (unfair trade practices) to create more durable, investigation-backed tariff authority targeting most major trading partners. USTR Greer announced plans to initiate new Section 301 investigations for most major trading partners. Unlike Section 122, these tariffs require formal investigations, evidentiary findings, and agency rulemaking, a process that typically takes 6–18 months.

\$165B in IEEPA tariffs have been collected since implementation, and the mechanism for refunds is unclear

Tariff collection under IEEPA



Source: Penn Wharton Budget Model

Refund routes and next steps



Administrative route – post summary corrections (PSCs) via CBP

- PSCs can be filed on any unliquidated entry within 300 days of entry or up to 15 days before liquidation, whichever is earlier.
- CIT communication suggests that PSCs aren't necessary for refunds.



Litigation route

- Importers can file suit at the CIT under its residual jurisdiction provision.
- Since it was not limited to named plaintiffs, the Supreme Court's affirmation should allow all impacted importers to benefit, even without their own case.
- FedEx, Costco, and others have already begun this route.



Sale of refund rights

- A few importers were reported to have sold their refund rights in the summer; this market could expand as a way to consolidate cases.



Immediate steps to take

- File PSCs on unliquidated entries immediately.
- Consider filing a protective CIT 1581 action.
- Review supplier contracts to determine any refund allocation requirements.



Historical precedent

- Courts struck down a harbor maintenance fee in the 90s and refunds were distributed, but the scale was not comparable (<\$1B in refunds).
- There was a 3yr lag between SC decision and refund mechanism creation.

This Supreme Court decision shows the value of AI and predictions markets; both anticipated this decision November

Claude prompt & output (Nov 5, 2025)

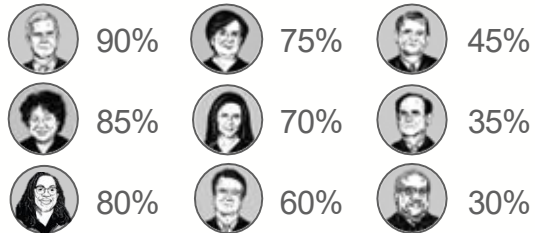
Context

A brief summary of the Supreme Court case plus a PDF of the oral argument was provided.

Prompt

“Read through this transcript of the Supreme Court oral argument over the legality of Trump’s IEEPA tariffs, summarize the arguments made by the plaintiff & defense, and assign a percent chance that each Justice upholds the lower court’s decision.”

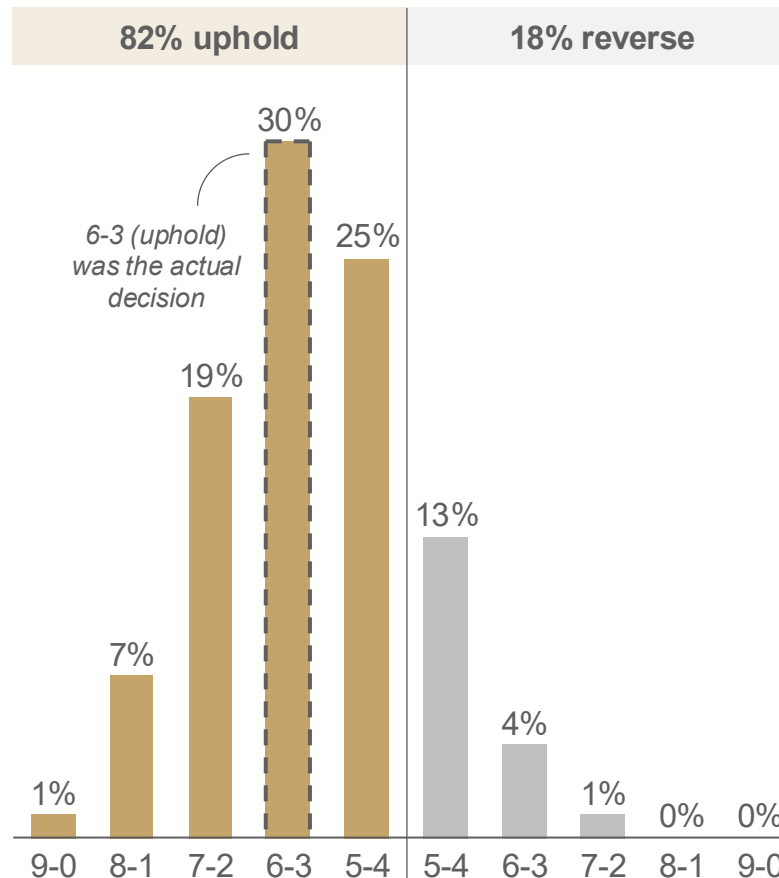
Output (uphold odds by Justice)



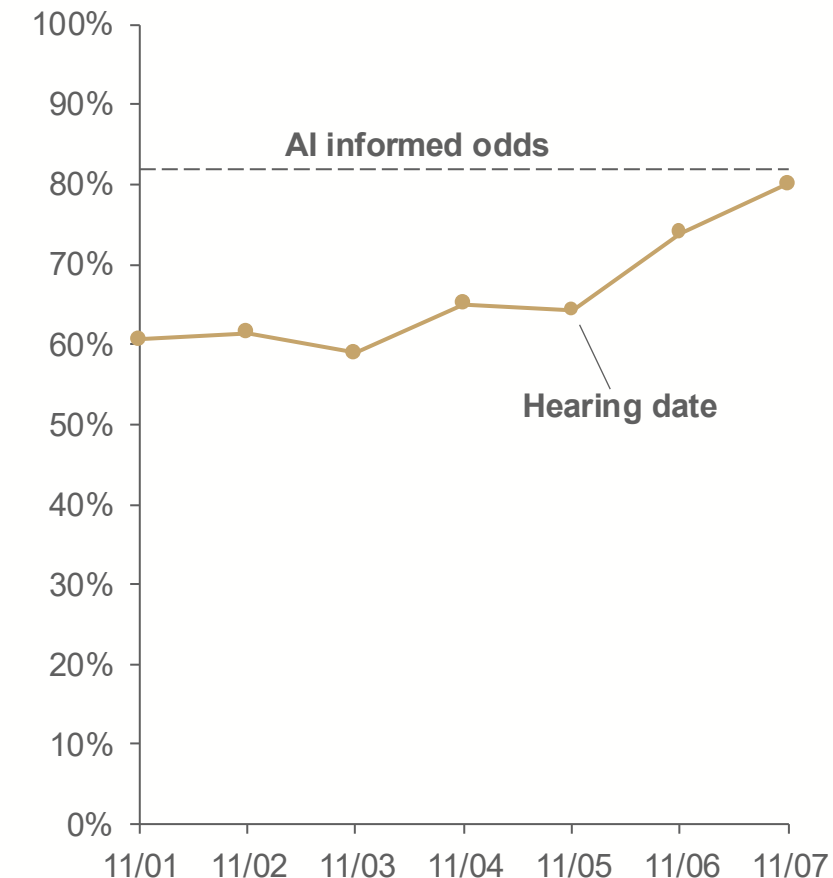
Practical Use

A Monte Carlo simulation was performed with the Justice-by-Justice odds to determine the likelihood of each ruling

Monte Carlo simulation results



Kalshi uphold odds¹⁾ (tariffs revoked)



1) Odds shown are the inverse of the Kalshi market “Will the Supreme Court rule in favor of Trump’s tariffs?”
Source: Kalshi

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