

Tariff Refunds and the Importer of Record Problem: Breach of Contract and Unjust Enrichment Claims for Withheld Funds

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In the wake of significant legal developments invalidating tariffs imposed under the International Emergency Economic Powers Act (IEEPA), 2026 has become a pivotal year for U.S. businesses seeking restitution. Most notably, litigation culminating in *Learning Resources, Inc. v. Trump* addressed the scope of executive authority to impose tariffs under IEEPA, contributing to a broader wave of refund eligibility for previously assessed duties.¹

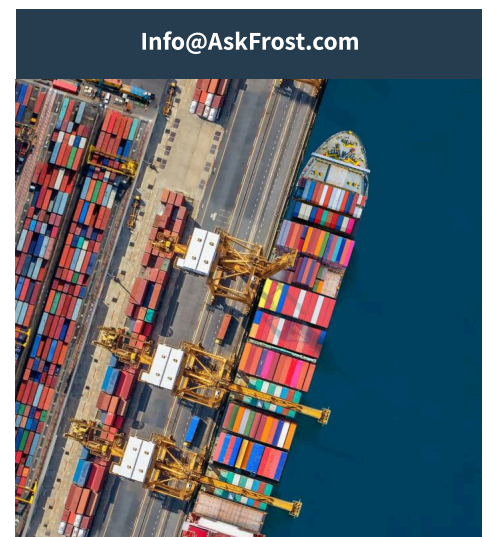
As U.S. Customs and Border Protection (CBP) begins issuing tariff refunds through the Automated Commercial Environment (ACE) and Consolidated Administration and Processing Entries (CAPE) systems, a recurring issue has emerged: refunded duties are often paid to Importers of Record (IORs) rather than the businesses that ultimately bore the cost of the tariffs.

This disconnect is not incidental. Under CBP's administrative framework, tariff refunds are issued to the Importer of Record, the entity listed in the entry documentation and responsible for filing the customs entry. In practice, however, the Importer of Record is frequently a customs broker, logistics provider, supplier, distributor or other intermediary acting on behalf of a downstream business.

While intermediaries handle the administration of tariffs, the actual economic burden is often passed entirely to the underlying businesses through mechanisms like adjusted pricing or cost pass-through agreements. When duties are refunded with interest, the money often goes to these intermediaries.

Tariff Refund Complications

The tariff refund process creates a predictable set of legal and practical complications. First, it limits transparency. Businesses that are not the Importer of Record typically lack direct access to ACE and CAPE filings, liquidation notices, or refund processing data. This leaves businesses dependent on intermediaries for information regarding the status and amount of any refunds. It





may be difficult for businesses to verify that refunds were issued correctly, or that they were issued at all.

Second, it raises significant contract and equity issues. In many commercial relationships, import and brokerage agreements allocate responsibility for duties and establish obligations regarding reimbursement or adjustment of customs costs. Where such agreements provide that refunds, credits, or duty reductions are to be passed through to the client, failure to remit refunded amounts may constitute a breach of contract. Courts routinely enforce such provisions according to their plain language, particularly where the contractual framework clearly ties the intermediary's role to administrative facilitation rather than ownership of funds.

How Unjust Enrichment and Breach of Contract Apply

Even in the absence of explicit contractual language, these disputes often fall squarely within the doctrine of unjust enrichment. Under well-established principles of restitution, a party may not retain a benefit conferred at another's expense where it would be inequitable to do so.² Where an Importer of Record receives a refund of duties that were effectively paid by its client, keeping those funds may constitute an impermissible windfall. Courts have consistently rejected attempts by intermediaries to retain funds when doing so would result in a double recovery disconnected from the underlying economic reality.³

The treatment of statutory interest further reinforces these claims. CBP may include interest on refunded duties to compensate for the time value of money during the period of overpayment. As a general rule, interest is treated as an incident of the principal and follows the underlying entitlement to the refunded funds. Accordingly, where the

client is the true economic bearer of the tariff burden, it may also be entitled to the associated interest. Any retention of such interest by an Importer of Record without clear contractual authorization may independently support claims for both breach of contract and unjust enrichment.

The Importance of Timing and Documentation

Legal disputes in this context are ultimately resolved through traditional contract and restitution principles, but timing and documentation are critical. Many import agreements contain notice provisions, limitation periods, or dispute resolution clauses that may affect the ability to bring claims. At the same time, key records including CBP entry summaries, refund determinations, and internal allocation documents are typically controlled by the Importer of Record. Delay in asserting rights may therefore impair the ability to reconstruct the financial trail and enforce entitlements effectively.

The broader legal principle is straightforward: where government action results in the return of funds that were previously paid, those funds must ultimately be allocated in accordance with the underlying economic arrangement between the parties. When intermediaries receive refunds intended to reverse a prior overpayment, courts will closely examine whether retention of those funds is supported by contract or justified under equitable principles. In many cases, claims for breach of contract and unjust enrichment provide a direct and well-established path to recovery.

Contact Frost Law About Your Tariff Refund Options

If you believe that tariff refunds or associated interest are being withheld by an Importer of Record, prompt legal review is essential. Early evaluation of contractual





obligations, refund documentation, and CBP filings can help preserve claims and ensure that recovered duties are properly remitted to the party that actually bore the cost.

Contact Frost Law at **(410) 497-5947** or **[schedule a confidential consultation](#)** to evaluate your tariff refund options.

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¹ [Learning Resources, Inc. v. Trump](#), (litigation addressing scope of tariff authority under IEEPA).

² Restatement (Third) of Restitution and Unjust Enrichment § 1 (2011).

³ See, e.g., [Invenergy Renewables LLC v. United States](#), 422 F. Supp. 3d 1255, 1273 (Ct. Int'l Trade 2019).

