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## ZCGC Insights

### IEEPA Tariff Ruling – FAQs and Immediate Action Steps for Importers

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The recent Supreme Court ruling struck down certain tariffs imposed under IEEPA authority. While the decision is narrowly focused and does not affect longstanding programs such as Sections 301, 232, or 201, it materially alters the legal foundation for a portion of recent duties.

The result is a rapidly evolving environment. Companies must now assess potential refund eligibility, monitor possible reissuance of tariffs under alternative statutory authorities, prepare for litigation pathways, and manage short-term supply chain and pricing disruption.

#### **What tariffs were ruled illegal?**

The decision removed the legal basis for certain tariffs imposed under IEEPA authority only. It did not affect Section 301, Section 232, AD/CVD, or normal MFN duties. The ruling addressed the legality of the IEEPA tariffs exclusively. The Court did not issue guidance regarding refund mechanics.

#### **When will importers get refunds?**

The ruling did not address refund procedures. It is expected that importers will need to file Post-Summary Corrections for unliquidated entries, protests for entries liquidated within the 180-day statutory window, and potentially pursue litigation at the Court of International Trade for older entries outside the protest period. Until additional guidance is provided by the Court of International Trade or CBP, uncertainty will remain.

#### **How will the Trump administration respond?**

The administration invoked Section 122 within hours of the ruling, which permits a temporary tariff of up to 15 percent for 150 days under a balance of payments justification. That tariff is scheduled

to take effect on February 24. Other statutory authorities remain available for tariff implementation, including Sections 232, 301, 201, 122, and 338.

### Tariff Options Under Existing US Law

Section 301	Section 232	Section 122
<p><b>Statute:</b> Trade Act of 1974</p> <p><b>Trigger:</b> Unfair trade practices</p> <p><b>Mechanism:</b> USTR investigation + public comment period</p> <p><b>Scope/Limit:</b> Country Specific</p> <p><b>Duration:</b> Multi-year; remains until modified or Terminated</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Politically powerful tool</li> <li>Used extensively for China List 1-4</li> <li>Can target strategic sectors such as EVs, AI, semiconductors</li> </ul> <p><b>Implementation Timing:</b> Typically 6-12 months</p>	<p><b>Statute:</b> Trade Expansion Act of 1962</p> <p><b>Trigger:</b> Imports threaten national security</p> <p><b>Mechanism:</b> Commerce investigation + Presidential proclamation</p> <p><b>Scope/Limit:</b> Global or country-specific</p> <p><b>Duration:</b> Indefinite until modified</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Hardest to overturn legally</li> <li>Used for steel, aluminum, semiconductors and other goods</li> <li>Can be expanded downstream to other derivative products</li> </ul> <p><b>Implementation Timing:</b> Up to 270 days, tariffs effective shortly after presidential determination</p>	<p><b>Statute:</b> Trade Act of 1974</p> <p><b>Trigger:</b> Serious balance of payment deficits</p> <p><b>Mechanism:</b> Immediate presidential action; no prior investigation required</p> <p><b>Scope/Limit:</b> Broad, tariff capped at 15%</p> <p><b>Duration:</b> 150 days; unless Congress approves extension</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Used only once in 1971 by President Nixon</li> <li>Designed for short term stabilization</li> </ul> <p><b>Implementation Timing:</b> Within days or weeks of declaration by President</p>

Section 201	Section 338
<p><b>Statute:</b> Trade Act of 1974</p> <p><b>Trigger:</b> Serious injury to domestic industry from increased imports</p> <p><b>Mechanism:</b> US International Trade Commission investigation + Presidential remedy decision</p> <p><b>Scope/Limit:</b> Global (applies to all countries unless exempted under FTA rules)</p> <p><b>Duration:</b> Initial 4 years, can be extended up to 8 years</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>More procedurally complex than Sec 232</li> <li>Used periodically, notable 2018 safeguards on solar panels and washing machines</li> </ul> <p><b>Implementation Timing:</b> Typically, 6-9 months due to ITC investigation process</p>	<p><b>Statute:</b> Tariff Act of 1930</p> <p><b>Trigger:</b> Foreign country discriminates against U.S Commerce</p> <p><b>Mechanism:</b> Presidential finding of discrimination</p> <p><b>Scope/Limit:</b> Country-specific, tariffs up to 50%</p> <p><b>Duration:</b> Until discrimination removed</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Very broad authority on paper</li> <li>Effectively dormant in modern trade policy</li> <li>Tariff authority of Sec 338 has never been tested in court or used to impose trade restrictions</li> </ul> <p><b>Implementation Timing:</b> Potentially fast if invoked; statute does not require lengthy investigation</p>

#### Will CBP automatically stop collecting IEEPA?

CBP issued operational guidance advising that collection of the affected IEEPA tariffs will cease at 12:00 a.m. on February 24.

#### What does this mean practically?

Tariffs may pause, return under different statutory authority, and then face further legal challenges. The operating environment over the coming months is likely to remain volatile.

#### If implemented, will these other tariffs be challenged in the courts?

Additional legal challenges are highly likely. Sections 301, 232, and 201 are less likely to face successful challenges because their procedural frameworks have been established and used for years. By contrast, Section 338 has never been used to impose tariffs, and Section 122 has only been used once. Section 122 is intended for a “serious balance of payments emergency,” and characterizing longstanding trade deficits as such may invite legal scrutiny.

### **What other impacts could this have?**

There is ongoing uncertainty regarding how this ruling may interact with recently negotiated trade agreements or pending tariff actions. For example, the European Union has reportedly paused further discussions on a potential U.S.–EU trade agreement pending greater clarity on U.S. tariff authority.

Tax implications may also arise depending on how duties were previously accounted for, including potential income recognition and inventory valuation adjustments.

### **Will interest be paid on refunds?**

Statutory interest should accrue on overpaid duties. For larger importers, the interest component could become meaningful over time.

### **Is there audit risk tied to refunds?**

Refund claims will likely trigger documentation review. Companies should expect information requests and potential post-entry audits. Clean, entry-level documentation will be critical to support successful recovery efforts.

### **What should companies do now?**

Importers should move quickly to get organized. The first step is to pull ACE data and identify the full universe of affected entries. Entries should then be segmented by liquidation status, and duty payments reconciled to ensure accuracy. Customs brokers should be engaged early to confirm that documentation is complete, consistent, and audit-ready.

Given the volume of formal entries filed annually, both brokers and CBP are likely to face operational strain. Execution discipline will be a key differentiator in determining which companies successfully recover funds and how quickly those recoveries occur.

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