

Challenges in Recovering Tariff Refunds



After the 2026 Supreme Court International Emergency Economic Powers Act (IEEPA) ruling, refunds generally go to the importer of record—downstream buyers who absorbed higher prices must rely on the importer to recapture the difference due to tariffs—and that may be difficult for a buyer to quantify.

What Changed (IEEPA refund backdrop)

- Feb. 20: Supreme Court Ruling in Learning Resources v. Trump**
Court found Trump Administration cannot impose broad tariffs under IEEPA.
- Case Retuned to the Court for International Trade (CIT)**
CIT now sits at the center of refund administration and oversight.
- April 20: Consolidated Administration and Processing of Entries – Phase 1**
Customs and Border Patrol is rolling out refunds first for duties not yet finalized or recently processed, plus some special-status cases.
- Phase 2: Later and Unclear**
Finally, finalized/fully-processed duties will be addressed in a later phase, with no announced completion date.

Trade policy remains fluid: tariffs under other statutes remain in place and others may be considered to replace IEEPA duties.

● Direct payee = importer of record

CBP refunds the importer of record—the party on the customs entry—even if others later bore the economic cost.

● Downstream sharing is contractual

Distributors usually look to supply agreements, purchase orders, surcharge clauses, or side letters—not customs law—for any share.

● Price increases are often embedded

Tariff effects may have been baked into product pricing rather than preserved as a clean line item, making any pass-back hard to calculate.

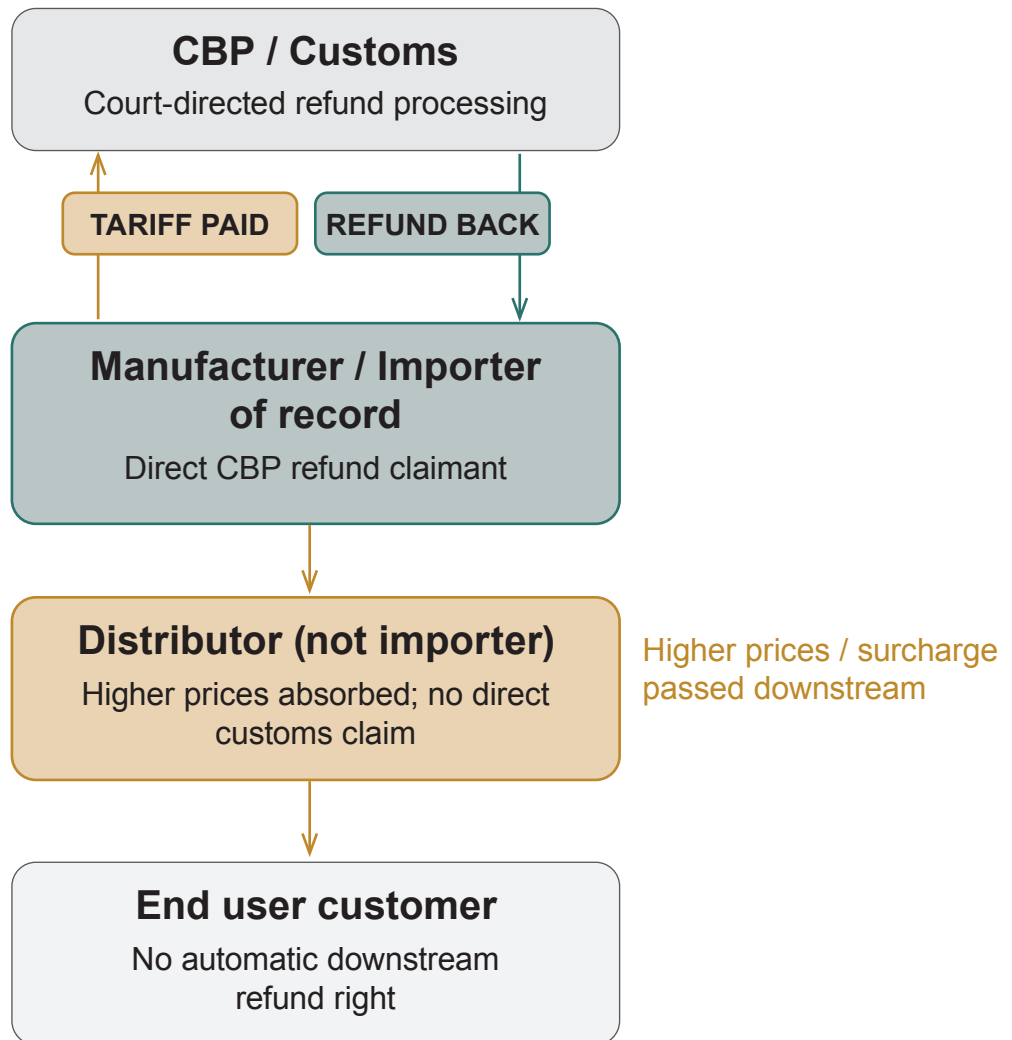
● Timing is still uneven

Phase 1 covers about 63% of affected entries. The remainder will be addressed later and appeals, or replacement tariffs, may affect timing.

Tariff costs frequently move downstream. Refund rights generally do not.

COST PATH

REFUND PATH



Cost pass-through is a pricing event. Refund entitlement is a customs-law event.

Any later pass-back to distributors or customers depends on contract and surcharge language — it is not automatic.

! Bottom line: a distributor can ask upstream suppliers whether they recover IEEPA duties, but it usually cannot claim a direct CBP refund or promise a matched customer credit unless upstream contracts require sharing. Commercial rights vary by contract and entry status.

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