

US Supreme Court Decision Against Trump Tariffs – What Lies Ahead?

5 March 2026

Backdrop

The Supreme Court of the United States of America (US) on 20 February 2026, ruled in the matter of *Learning Resources, Inc. v Trump* that the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA) does not authorize President Trump to impose the challenged tariffs including the reciprocal tariffs.

The Court in a 6-3 majority decision invalidated all tariffs enacted under various declarations of national emergency under the IEEPA statute ranging from the Executive Orders pertaining to drug trafficking i.e. 'Fentanyl' Tariffs as well as the widest forms of direct action over trade deficits viz., 'Reciprocal Tariffs'.

Soon after the judgment, President Trump issued an Executive Order (EO) revoking the IEEPA tariff orders and ending the collection of those tariffs under the same "as soon as practicable".

Evolution of this litigation

President Trump invoked the IEEPA in 2025 to declare national emergencies over illegal drug inflows from Canada, Mexico, and China, and *vide* various Executive Orders imposed 25% tariffs on most Canadian and Mexican imports. He also imposed 10% tariff on Chinese imports which was later increased to 20%.

President Trump also issued Executive Orders using IEEPA imposing 10% 'reciprocal' tariffs to offset persistent US trade deficits on certain imports from all trading partner countries, which *vide* subsequent amending Executive Orders were later increased to various country-specific higher rates (e.g., up to 25% on import of Indian goods into US) - this was agreed to be modified only upon successful completion of trade deals.

Multiple cases were filed in a number of courts challenging these tariffs. In May 2025, deciding on these challenges the US Court of International Trade (CIT) issued its decision in *VOS Selections v United States* and other cases collectively (*VOS Selections*), determining that IEEPA did not grant presidential authority to issue tariffs as the power thereunder is not 'unbounded' and held that there was no connection between tariffs on lawful imports and drug trafficking to support the fentanyl tariffs. The US District Court for the District of Columbia also ruled that the tariffs were unlawful in *Learning Resources Inc. et al. v Trump* and held that IEEPA did not authorize tariffs.

The CIT summary judgment which was affirmed by the US Court of Appeals for the Federal Circuit stipulated that IEEPA's authority to 'regulate importation' does not encompass 'unbounded' tariffs.

The Supreme Court in *Learning Resources*, consolidated all cases and affirmed the position of the CIT and the Federal Circuit Court. The Court's majority opinion was supported by six Justices (Roberts, Sotomayor, Kagan, Gorsuch, Barrett, and Jackson). The majority ruling emphasized the US Congress's exclusive constitutional authority over tariffs under Article I, Section 8 of the US constitution and that the power to impose tariffs was not delegated to the President under the purview of the power to 'regulate imports' but was the domain of the Congress alone.

Impact - general

This ruling rescinds all tariffs imposed under IEEPA, including

- (a) 'Fentanyl Tariffs' (25% on Canada / Mexico, 10-20% on China); and
- (b) Reciprocal tariffs (minimum 10% globally, higher for dozens of nations like 34% -125% on China).
- (c) Penal tariffs (25% on imports from India for oil purchases from Russia)

The findings in the majority opinion of the US Supreme Court revolve around the central issue that the IEEPA does not authorise imposition of tariffs, as imposing tariffs is a part of the core taxing power reserved constitutionally to US Congress. Particularly, it was held that IEEPA's ambiguous '*regulate . . . importation*' (§1702(a)(1)(B)) provision cannot extend to delegate 'unbounded' tariff power given its economic significance, lack of historical precedent, and contrast with explicit, limited delegations in other statutes.

Essentially, since 'regulate' means control or adjust and not tax or raise revenue absent explicit mention amid listed powers in the IEEPA statute (which include 'investigate', 'block', 'prohibit'), IEEPA excludes tariffs.

Impact - which of the 'Trump tariffs' remain in effect despite this ruling?

Though IEEPA tariffs such as reciprocal tariffs and Fentanyl tariffs have been invalidated, tariffs authorised by other US statutes remain fully in effect, viz:

- (a) Section 232 (Trade Expansion Act of 1962): National security tariffs on steel, aluminium, copper, and derivatives (e.g., 25% on steel, 10% on aluminium). These affect imports from multiple countries, including India, and are explicitly unaffected by the ruling.
- (b) Section 301 (Trade Act of 1974): Unfair trade practice tariffs, primarily on Chinese goods; ongoing investigations may expand these.
- (c) Section 122 (Trade Act of 1974): Newly implemented and raised to 15% tariff on all imports into US from 20 February 2026 (temporarily up to 150 days), in addition to existing duties/tariff to address alleged balance-of-payments deficits [with exemptions for goods under the U.S. - Mexico - Canada Agreement (USMCA)] and certain products from agricultural/minerals/pharmaceutical sectors.

Impact - products which continue to be subject to US tariffs despite this ruling

CATEGORY	KEY PRODUCTS/DERIVATIVES	TARIFF RATE
Steel	Steel articles, derivatives (e.g., appliances, vehicles, pipes)	50%
Aluminium	Aluminium articles, derivatives (e.g. cans, electronics, autos)	50%
Automobiles and parts	Passenger vehicles, light trucks, auto parts	25%
Copper	Semi-finished copper, intensive copper derivatives (e.g., wire, components)	50%
Semiconductors	Advanced semiconductors, manufacturing equipment, derivatives	25%
Lumber/Timber	Softwood timber, lumber, wood products	10%
Furniture/Cabinets	Upholstered furniture (sofas, chairs), cabinets/vanities	25-50%
Vehicles/Buses	Heavy-duty trucks, buses, parts	10-25%

Impact - What exporters to US and importers in US can expect in the short term?

While exporters and importers can enjoy the immediate suspension of IEEPA tariffs and explore legal proceedings for refunds of import tariffs paid in the last several months for which tariffs were in place, the Trump administration will pursue newer tariffs via Congress or enhance measures under statutes like

Section 232 and Section 301, prolonging uncertainty. President Trump has already put in motion alternative avenues and imposed a 15% 'global tariff' post-ruling under Section 122 of the Trade Act.

In terms of obtaining refunds, the Trump administration have not announced any general mechanics for enabling refunds or reimbursement process of the tariffs paid till date. Nonetheless, several US importers are reportedly pursuing refund claims through the CIT. In a recent development, the US Federal Circuit Court dismissed the plea of the Trump administration to delay the process of issuance of refunds, thereby strengthening the potential for wide-scale issuance of refunds of the IEEPA tariffs.

Stakeholders must also continue to monitor United States Trade Representative (USTR) actions, trade-related investigations, Congressional action and bilateral negotiations, as the Trump administration has leveraged the IEEPA Tariffs to obtain significant trade related advantages and benefits, both in-bound and out-bound, under trade deals, framework agreements, etc. The Trump administration has indicated that trade agreements that it had negotiated are likely to remain in place; however, stakeholders, should actively monitor, assess and support actions to ensure that benefits are not reneged.

Pertinently, the Executive Order 14257 of 2 April 2025 also maintained provisions for countermeasures in case of challenge or retaliation by foreign countries to the reciprocal tariffs. However, with the ruling in *Learning Resources* it will remain to be seen if any subsequent tariff restorative action faces challenges before the WTO Dispute Settlement Body or countermeasures by other countries.

Further, **in light of the recent US war with Iran and its backlash in the middle east, we can expect further tariff and related actions from US** which may further disrupt global trade.

Impact - on the India-US Bilateral Trade Agreement under negotiations

To date, the Trump administration has entered into either framework or final "trade deals" with approximately 20 US trading partner countries, which include reduced / lowered country-specific reciprocal tariff rates under the IEEPA.

Imports from India to US were largely subject to tariffs under 2 heads:

- (i) Punitive tariff of 25% linked with purchase of Russian oil by India under Executive Order 14329 dated 6 August 2025 under IEEPA
- (ii) 'Reciprocal Tariff' of 25% by Executive Order 14257 dated 2 April 2025 (as amended) under the IEEPA

Through a Joint Statement on 6 February 2026, the contours of the potential India-US Bilateral Trade Agreement and the Interim Framework Agreement were announced (*For details, refer our Ergo on the same [here](#)*).

As per the Joint Statement, the punitive tariff of 25% was rolled back and the plan was to impose a reduced reciprocal tariff at 18% under the Interim Trade Agreement.

However, now that the very legal basis of such reciprocal tariff stands rescinded there is an element of uncertainty on the applicable tariffs – especially since the further rounds of US-India negotiations scheduled for 23 February 2026 onwards in US were rescheduled in light of this decision. Most exports from India are likely to be subject to the newly imposed 15% global tariff for the next 150 days or until the Interim Trade Agreement gets finalised between US and India.

Next steps for Indian businesses

Stakeholders in India-US export trade should review and assess the best options available to secure refunds of IEEPA tariffs already borne on Indian exports to US. This would entail a review of the status of entries at US Customs and filing of legal claims to prevent or reverse liquidation and reinforce refunds.

Considering the scale and potential trade benefits contemplated or expected under the potential India-US BTA, stakeholders impacted by the same should closely monitor the evolving situation and positions taken by the India and US administrations and contemplate efforts to avoid losing out on preferential trade benefits already secured in the negotiations. Since the key basis of the agreement was lowering of reciprocal tariffs which are no longer in force, it will be relevant to see how India proceeds on closure of this agreement.

Further, reduction or elimination in reciprocal tariffs was agreed on certain products from India exported into the US. However, with the rescission of the reciprocal tariffs and the imposition of the new Section 122 global tariff of 15%, Indian exporters must seek clarity and coordinate for reduction in these new Section 122 global tariffs on such products - for eg gems and jewellery, pharmaceuticals, etc.

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