

The Virgin Islands Consortium

Supreme Court Strikes Down Trump's Global Tariffs in 6-3 Ruling

In a 6-3 decision, the Court held that the International Emergency Economic Powers Act does not grant the president authority to impose broad import duties, potentially triggering more than \$175 billion in refunds.

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The U.S. Supreme Court has struck down President Donald Trump's sweeping global tariffs, ruling 6-3 that the emergency powers cited by the administration do not authorize the imposition of broad import duties.

In a decision issued Friday, the Court held that the International Emergency Economic Powers Act (IEEPA) does not grant the president authority to levy tariffs, reserving that power to Congress. The ruling invalidates a key element of Trump's second-term economic agenda.

Chief Justice John Roberts authored the majority opinion. He wrote that while IEEPA permits sanctions and other actions during national emergencies, it does not extend to the imposition of widespread tariffs. The opinion, joined by Justices Sonia Sotomayor, Elena Kagan, Amy Coney Barrett, Neil Gorsuch, and Ketanji Brown Jackson, concluded that the administration's actions could not be reconciled with the text or historical application of the 1977 statute. The Court noted that previous presidents had used IEEPA for sanctions, but never to impose tariffs, and warned that upholding Trump's interpretation would effectively grant the executive unchecked authority over trade policy.

The tariffs at issue were enacted in April 2025 after the president declared a national emergency related to trade deficits and issues including illegal drugs. The measures imposed a 10% levy on nearly all imports and affected trading partners around the world, including longstanding allies such as Canada. The administration maintained that the tariffs were necessary for national security and economic protection.

Challengers, including importers and business groups, argued that the administration bypassed Congress and violated the constitutional separation of powers. The case originated in lower court challenges, including an August 2025 appeals court ruling that found most of the tariffs unlawful but allowed them to remain in place while the Supreme Court reviewed the matter. During oral arguments in November 2025, several justices expressed skepticism about the administration's expansive reading of IEEPA.

Justices Clarence Thomas, Samuel Alito, and Brett Kavanaugh dissented. In a separate opinion, Justice Thomas argued that the law's broad language afforded the president flexibility to address economic threats and that trade imbalances constituted a genuine emergency warranting such measures.

The immediate financial implications are significant. According to estimates, importers may seek refunds totaling more than \$175 billion in collected duties through U.S. Customs and Border Protection. Economists at the Penn-Wharton Budget Model have indicated that such repayments could strain federal finances, exceeding the annual budgets of departments such as Transportation or Justice.

Business organizations welcomed the ruling, describing it as a reaffirmation of congressional authority over trade policy. The White House indicated it would examine alternative legal strategies or pursue new legislation in response. In a statement, Trump called the ruling "a disaster for American workers" and pledged to continue fighting.

Markets reacted cautiously, with U.S. stocks posting mixed performance following the decision. Analysts anticipate potential shifts in global supply chains and renewed bipartisan debate over trade policy.