

Federal Appeals Court Strikes Down Trump Tariffs: Implications for U.S. Businesses

Article

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On May 28, 2025, the United States Court of International Trade (“CIT”) determined that the Trump administration’s use of the International Emergency Economic Powers Act (“IEEPA”) to impose (1) overly broad worldwide reciprocal tariffs and (2) fentanyl/immigration-related tariffs on China, Mexico, and Canada was unlawful. Following that ruling, the U.S. government filed a prompt appeal with the U.S. Court of Appeals for the Federal Circuit (“CAFC”) and asked the court to put the order on hold until the merits of the case are heard. The CAFC granted that request on May 28, 2025.

Last Friday, on August 29, 2025, the CAFC ruled that the IEEPA does not authorize the president to impose the covered IEEPA Tariffs. The CAFC further sent the matter back to the CIT to reconsider whether relief should be limited only to those parties that participated and whether the IEEPA tariffs should not be paid pending further appeal. The administration has confirmed that they will seek review by the U.S. Supreme Court.

Next Steps: What This Ruling Means for Businesses

The CAFC’s ruling does not fundamentally change current IEEPA tariffs collection process, and as such, U.S. importers shall continue to pay these tariffs. As we previously reported on this issue, should these tariffs be found to be unconstitutional at the Supreme Court level, there may be opportunities for U.S. importers to seek recovery of any previously paid IEEPA tariffs by filing a protest with U.S. Customs and Border Protection. For that reason, we recommended that U.S. importers continue to compile impacted entry records should that opportunity arise. In the meantime, we will continue to monitor ongoing developments on this matter and will report back should new information become available.

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