

Tariff Update

FAQ for Small Business



February 27, 2026

Since our January tariff webinar, key developments have occurred. This update reflects changes following the February 20, 2026 Supreme Court ruling.

1. What was the Supreme Court ruling?

“Liberation Day” tariffs were removed, but they were quickly replaced under another authority.

The Details:

On Feb 20, 2026, the Supreme Court ruled (6–3) that the International Emergency Economic Powers Act (IEEPA) did not authorize the President to impose the so-called “Liberation Day” tariffs.



What changed:

- The 10% “baseline” IEEPA tariffs on ~90% of imports were struck down.
- Businesses that directly paid those duties may be eligible for refunds.

What did not change:

- Other major tariff authorities remain intact– listed below with purpose.
 - Section 122: Balance-of-payments deficits (temporary: 150 days).
 - Section 232: National security (e.g., steel, aluminum).
 - Section 301: Unfair trade (often China-related goods).



2. What replaced the IEEPA tariffs?

The Supreme Court ruling changed the legal authority for the broad 10% tariff, not the rate itself.

The Details:

After the Supreme Court ruling, the administration invoked Section 122, which allows temporary tariffs of up to 15% for 150 days. Although President Trump stated the rate could rise to 15%, U.S. Customs is currently collecting a 10% Section 122 surcharge effective February 24, 2026.



Before the ruling:

10% tariff on most imports under IEEPA, indefinite.

After the ruling:

10% tariff on most imports under Section 122, temporary (150 days).

The legal authority changed. The cost environment largely did not.

3. How do tariffs stack now?

Tariff stacking still applies, with a 10% 122 surcharge, replacing the 10% IEEPA surcharge.

The Details:

Tariffs stack – apply sequentially – meaning one layer is calculated on top of another.



A product may face:

- **Section 122** – 10% (temporary) across most imports
- **Section 301** – 7.5–25% on many Chinese-origin goods
- **Section 232** – 25% on steel, 10% on aluminum
- **MFN (Most-Favored-Nation) base duty rates** – the standard WTO tariff rate that applies to most countries; typically 0–10% depending on product classification
- **AD/CVD (Anti-Dumping and Countervailing Duties)** – additional duties imposed when the U.S. determines foreign goods are being sold below fair market value (dumping) or unfairly subsidized by foreign governments

Example:

A Chinese steel product could face:

10% (Sec 122) + 25% (Sec 301) + 2.5% (MFN base rate) + 5% (AD/CVD) = **42.5% total duty**

4. Are IEEPA tariff refunds available?

Small business importers who directly paid IEEPA tariffs may qualify for refunds, but the claims process is expected to be slow, complex, and limited to importers of record.

The Details:

Yes, refunds are available, but only for businesses that were the importer of record and directly paid IEEPA duties. Given the lengthy and cumbersome process, businesses dealing with importers or wholesalers should not expect meaningful recovery.



To pursue a refund:

- Review CBP entry summaries
- Work with your customs broker
- Monitor evolving court guidance

Important: The refund process is expected to be lengthy, legally contested, and administratively complex. Claims may take months or longer to resolve due to legal appeals, high filing volume, and federal processing backlogs.

Businesses that purchase through wholesalers are unlikely to receive direct refunds.

5. How does this affect businesses purchasing from wholesalers?

Small businesses buying through wholesalers should expect continued tariff-related pricing pressure and quote volatility through mid-2026.



Expected impacts:

- Prices are likely to remain elevated on tariff-exposed products.
- Supplier quotes may expire more quickly during the 150-day window.
- Wholesalers may adjust pricing with limited notice.
- Continued short-term cost uncertainty through mid-2026.

6. What is the status of the de minimis exemption?

Small businesses still cannot avoid tariffs on low-value imports, as the end of the under-\$800 de minimis exemption remains in effect, and full duties now apply to small commercial shipments.



The Details:

The end of the commercial de minimis exemption for shipments under \$800 remains in place and was not affected by the Supreme Court ruling.

- Full duties apply to even small commercial imports
- Section 122 may apply where relevant
- Small-parcel sourcing strategies no longer avoid tariffs

7. What comes after the 150 day Section 122 period?

Businesses should plan for continued elevated tariff impacts and pricing volatility through mid-2026 and possibly beyond – not assume a full rollback.

The Details:

Section 122 authority is temporary (150 days), expiring around July 2026 unless extended.

Most likely scenarios:

- The 10% Section 122 surcharge could rise to the 15% cap if trade measures escalate
- Other tariffs (Sections 301 and 232) remain in effect regardless
- Limited relief is possible, but a return to pre-2024 tariff levels appears unlikely in the near term



8. How could these tariffs affect service businesses or the economy?

Even if you do not sell physical goods, continued tariff uncertainty may ripple through your client base and affect revenue stability.

Although a broad 10% tariff remains in place, its temporary status and policy uncertainty may influence business planning and spending decisions.



Potential effects:

- Clients who import goods may tighten budgets or delay projects.
- Businesses may hold off on marketing, hiring, or expansion plans.
- Customers may spend more carefully, especially on non-essential services.
- Companies may delay larger investments until trade policy becomes clearer.

For service-based businesses, the impact is usually indirect — slower decision-making and more cautious spending, rather than direct tariff costs.

9. Are there other tariff risks beyond the current Section 122 surcharge?

In addition to the risk that the current 10% Section 122 tariff could rise to 15%, two authorities could come into play. Neither is in force today, but both are worth monitoring.



- **Section 338 (Tariff Act of 1930)** allows up to 50% tariffs on countries that discriminate against U.S. commerce. The administration has signaled interest in using it following the IEEPA ruling. It has never been invoked, is country-specific, and would likely face immediate legal challenge.
- **The Sanctioning Russia Act of 2025** is a bipartisan Senate bill that would impose up to 500% tariffs on Russia – and on any country still buying Russian energy, potentially affecting major trading partners. It has not passed and remains in committee. If enacted, strong congressional backing could make reversal difficult.



What Can I Do Now?



As a small business owner, there are immediate steps you can take to protect your business amid tariff uncertainty.

Steps to empower your business

- **Confirm your exposure.** Ask suppliers which products are subject to the 10% Section 122 tariff and request HTS codes and country-of-origin documentation.
- **Clarify product landed cost** (total cost including shipping and duties). Confirm whether the 10% surcharge is already built into supplier pricing and how long the quotes are valid.
- **Build flexibility into planning.** Section 122 is temporary (150 days) and allows rates up to 15%, so model different scenarios in your pricing and cash flow forecasts.
- **Use menu engineering strategically.** Instead of raising prices across the board, increase prices selectively on high-demand / high-margin products and services where customers are less price-sensitive.
- **Negotiate payment terms.** Ask for longer terms (e.g., net-45 or net-60) on tariff-exposed goods to preserve cash flow.
- **Evaluate sourcing alternatives.** Compare domestic or USMCA-compliant suppliers where pricing is competitive.
- **Monitor policy updates.** Stay alert for changes under Section 122 (or new authority) or extensions beyond the 150-day window.

