



**The U.S. Supreme Court’s Ruling on Presidential Tariff Authority: Clarifying that a “Tariff” Constitutes a “Tax” Requiring Congressional Origination**

On Friday, February 20, 2026, in a significant constitutional Separation-of-Powers case, *Learning Resources v. Trump*, the United States Supreme Court invalidated the tariffs imposed by the Trump Administration on a broad range of foreign imports. As the Court explained, “*a measure that raises revenue from domestic importers is, in constitutional substance, a tax—regardless of the label the Executive chooses to apply.*” Id.

According to the Court, “**tariffs**” of this nature clearly function as “**taxes**,” and taxes must originate in Congress—specifically, in the House of Representatives—pursuant to the “Origination Clause” of the U.S. Constitution. Under this Clause, revenue-raising measures must begin in the House of Representatives, ensuring congressional participation in the process. Absent such origination, the tariff-tax measure is unconstitutional. This is the traditional “*Power of the Purse*” function reserved for Congress.

The Court determined that **these tariff measures operated, in both practical and legal effect, as TAXES on U.S. importers**. Accordingly, the Court reaffirmed that “*revenue measures must begin in the House of Representatives, and the Executive may not bypass that structural safeguard.*” Id. The Court emphasized that these structural

boundaries cannot be reinterpreted simply by characterizing a revenue-raising tariff as an “*emergency*” trade measure issued by Presidential Order for national-security purposes. As the Court stated, “*the Executive cannot convert a revenue-raising statute into a national-security instrument merely by invoking the phrase ‘emergency action.’ Constitutional structure does not yield to semantic maneuvering.*” Id.

However, over several administrations, and across political parties, the Executive has periodically relied on national-security statutes as a legal basis for implementing wide-ranging tariff measures. For example, in *Federal Energy Administration v. Algonquin SNG, Inc.*, 426 U.S. 548 (1976), the Supreme Court did not declare the Executive’s trade actions unconstitutional. Instead, the Court upheld the President’s authority under Section 232, concluding that Congress had delegated broad discretion to the Executive in matters involving national security. Likewise, safeguard measures adopted under later administrations, were not invalidated by the Supreme Court; challenges to those actions were resolved through administrative or international-trade mechanisms rather than constitutional adjudication. But none of these cases involved a finding of unconstitutionality,

which underscores the significance of this *Learning Resources* decision.

The Court ultimately concluded that the tariffs at issue were not sufficiently linked to a specific or articulable national-security threat. Rather, the measures functioned as part of a broader economic policy adopted by the Trump Administration. As the Court stated, “*broad economic policy is the province of Congress, not the unilateral prerogative of the President. When the Executive seeks to reshape national trade policy without congressional initiation, the action is unconstitutional.*” Id.

Thus, the constitutional concern identified by the Court arose from the *unilateral nature* of the Executive Orders implementing these measures. Had Congress originated the same tariff provisions, and the President subsequently signed them into law, these tariff measures would have been constitutionally valid as duly enacted tariff-tax legislation.

In terms of US importers recovering funds for their improper tariffs paid, they must: (1) gather all customs entry records and proof of tariff payments; (2) submit refund requests to U.S. Customs and Border Protection; and (3) challenge any CBP denials before the U.S. Court of International Trade if necessary. This process may present logistical challenges, particularly for small manufacturers and retailers. Nevertheless, the Supreme Court has established a procedural pathway for obtaining appropriate legal relief. As the Court explained, “*the role*

*of the judiciary is not to simplify the remedy, but to ensure that a remedy exists when the Constitution requires one.*” Id. Whether the process will be straightforward, timely, or cost-effective remains uncertain. Importers should seek legal counsel, preferably from an attorney specializing in international trade and customs law.

A final relevant question arises regarding the legal implications should the President seek to issue a new Executive Order imposing other unilateral tariffs, as the President recently did by acting new 10%, and then 15%, global tariffs. However, the Supreme Court’s reasoning appears to anticipate such an approach. Even when framed under a different statutory provision, the Court stated that a broad, revenue-generating tariff still constitutes a tax for constitutional purposes.

In sum, the Supreme Court has reaffirmed that the authority to impose taxes—including tariffs that function primarily as revenue-raising instruments—rests with Congress and must originate in the House of Representatives. While small businesses may find the recovery process for previously collected duties to be costly and time-consuming, the decision confirms that at least a remedy exists. Most importantly, the ruling represents a significant step toward strengthening legal certainty for both foreign and U.S. companies, as it clarifies the constitutional limits of the executive branch in imposing tariffs and promotes a more predictable and stable regulatory environment for international trade to occur.

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