

Tariff Update April 2026

ProcurementIQ Research

Tariff Policy Update 2026

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April 2026

Note: This article was last updated on April 22, 2026. The regulatory environment surrounding tariffs remains highly volatile due to ongoing litigation and upcoming court decisions. ProcurementIQ will continue to monitor trade policy developments and publish updates as tariff guidance shifts and subsequent legal rulings clarify next steps.

Key Takeaways

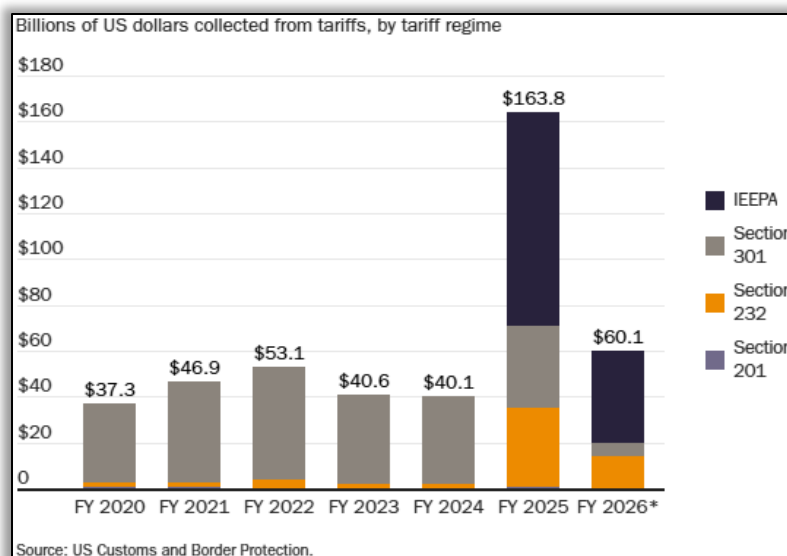
- On February 20, 2026, the Supreme Court's ruling invalidating IEEPA-based tariffs immediately reduced the effective US tariff rate, with estimates ranging from 8.2% to 11.0% by the end of 2026, down from 15.3% before the ruling. Other tariff regimes remain in effect, including Section 232 and Section 301 tariffs, MFN duties, and AD/CVD duties.
- The ruling most immediately impacts importers exposed to revoked IEEPA programs, including the "reciprocal" tariffs placed on several countries, as well as additional country-specific tariffs placed on Canada, Mexico, Brazil, and China.
- In response, the Trump Administration imposed temporary global Section 122 tariffs at 10%, lasting up to 150 days, with the possibility of extension or increase to 15.0%. Additional Section 232 tariffs have since been announced on certain pharmaceuticals, and changes have been made to the calculation of Section 232 tariffs on steel, aluminum, and copper.
- On March 4, 2026, the United States Court of International Trade (CIT) issued an order requiring the United States Customs and Border Protection (CBP) to start issuing refunds on IEEPA-affected tariffs. The total amount eligible for refunds is projected to be \$166 billion. The CBP has since opened its new Consolidated Administration and Processing of Entries (CAPE) system on April 20, 2026, accepting applications for about 63.0% of affected tariffs, with the rest coming by the end of 2026.
- For buyers, overall duty burdens remain elevated but have shifted across products and countries, creating landed-cost uncertainty and requiring a reexamination of pricing assumptions and sourcing decisions made over the past year.
- Procurement teams should reassess tariff exposure and sourcing strategies, continuously monitor for expected updates on Section 122, Section 232, Section 301, and Section 338 tariffs, renegotiate contracts to account for lower effective tariff rates, and work with legal experts to determine the best course of action for requesting refunds.

What's Happening

On February 20, 2026, the United States Supreme Court invalidated tariffs imposed under the International Emergency Economic Powers Act (IEEPA), declaring that the IEEPA does not authorize the president to impose tariffs. IEEPA-based tariffs imposed under the Trump Administration include the wide-ranging global reciprocal tariffs, fentanyl tariffs, free-speech tariffs on Brazilian-origin goods, and the secondary tariffs on Indian-origin goods. This ruling also affects trade deals with foreign countries under the IEEPA, creating uncertainty about whether those agreements will remain in place or be renegotiated, as most were structured around IEEPA rates. Without the threat of IEEPA tariffs, most of the deals may fall apart.

The Supreme Court did not issue a decision on whether previously collected tariffs must be repaid, resulting in the United States Court of International Trade (CIT) issuing an order on March 4, 2026. This order requires the United States Customs and Border Protection (CBP) to issue refunds, plus interest, to all affected importers, including those who have not filed lawsuits. On April 20, 2026, the CBP started accepting applications for tariff refunds through a new system called the [Consolidated Administration and Processing of Entries \(CAPE\)](#). The refund process is being rolled out in phases, with the first covering 63.0% of the \$166.0 billion in IEEPA tariffs collected. The CBP estimates that refunds will be issued within 60 to 90 days after an importer's application has been accepted. The [Cato Institute](#) estimates that interest payments on the \$166 billion owed could reach \$22.0 million per day. As of April 22, 2026, there is still significant uncertainty and doubt on whether the refunds will be issued within the CBP's expected timeframe, whether tariff refunds will be accurately calculated, and whether a potential appeal of the CIT's order will disrupt or further delay the refund process.

Importantly, other tariff regimes remain in effect. Specifically, tariffs imposed under Section 201 and Section 301 of the Trade Act of 1974 and tariffs imposed under Section 232 of the Trade Expansion Act of 1962 are still valid, as well as any general, countervailing (CVD) and anti-dumping (AD) duties.



Most-favored nation (MFN) duties also still apply, and Section 122 removes MFN caps, increasing tariff exposure for certain products that had preferential treatment under the IEEPA tariff regime. Section 301 tariffs are levied on approximately half of Chinese goods, and impact other countries like Nicaragua as well (see table below for Section 232 tariffs). The Supreme Court decision did not directly address the suspension of the de minimis exemption for duties on imports under \$800 on IEEPA grounds, and the Trump administration [announced](#) that this exemption would remain suspended. For buyers, this means overall duty burdens remain elevated, and the specific rates and products affected have shifted, changing landing costs and sourcing economics.

These changes have created practical challenges for procurement leaders, as the tariffs that shaped sourcing decisions in 2025 are being reshuffled, refunds remain uncertain, and new policies (and potential future tariffs) are coming into effect. This article outlines the administration's response to the ruling, the refund process, the impact of new tariff policies, and the overall effect on procurement.

The Administration Response

The Trump Administration responded to the recent Supreme Court ruling by imposing tariffs using Section 122 of the Trade Act of 1974, which authorizes the president to address balance-of-payments deficits through global tariffs of up to 15.0% for 150 days (effective February 24, 2026, and expiring on July 24, 2026). The current rate (as of April 22, 2026) is a flat 10.0% on all countries and products, with exemptions for certain critical minerals, energy and energy products, certain agricultural goods, pharmaceutical products and ingredients, certain electronics, certain aerospace products, goods in transit prior to the effective date, goods already subject to Section 232 tariffs, and goods covered by the United States-Mexico-Canada Agreement (USMCA). President Trump has indicated the rate would be raised to 15.0% in the future. After 150 days, Congress must be consulted for an extension of these tariffs.

The administration also announced trade investigations under Section 301 of the Trade Act of 1974, which could lead to higher tariff rates in the future for unfair trade practices. The administration may pursue tariffs under Section 232 of the Trade Expansion Act of 1962 and Section 201 of the Trade Act of 1974, but both have procedural hurdles, such as investigations, public hearings, and public comment. The administration may utilize Section 338 of the Tariff Act of 1930 to authorize tariffs of up to 50.0% if countries are discriminating against US products and favoring goods of foreign competitors. There are also a slew of non-tariff measures and barriers the president could employ to block trade, such as economic sanctions, military measures, embargoes, or restricting export licenses.

On April 2, 2026, in a first move to expand tariffs since the February Supreme Court decision invalidating tariffs issued under the IEEPA, the Trump Administration announced a duty rate of up to 100.0% ad valorem on imports of certain patented pharmaceuticals and associated pharmaceutical ingredients under Section 232. The duties will take effect on July 31, 2026, for certain large companies and September 29, 2026, for others; however, the order provides a wide range of exemptions, including major companies that have negotiated private deals with the administration, companies that have committed to domestic manufacturing within the next few years, generic drug manufacturers, countries that have struck trade agreements with the United States, and more. On the same day, the administration also announced a change to how tariffs are assessed on steel, copper, and aluminum, now basing them on the full value of imported metal products, rather than the lower production costs in foreign countries. The order also clarified how Section 232 tariffs on metals should be applied, lowering rates to 25.0% on derivative articles made substantially of steel, aluminum, or copper, 10.0% for imported products made of American steel, aluminum, and copper, and removing tariffs for products made of less than 15.0% steel, aluminum, or copper.

The Trump Administration has repeatedly indicated its intention to unilaterally use tariffs as a tool to achieve its economic policy goals, and the aftermath of the ruling does not signal a shift away from them. Section 122 tariffs can be seen as a bridge or temporary placeholder before other trade actions, such as the new Section 232 tariffs on pharmaceuticals, can be implemented. The table below outlines different tariff authorities, their status, rate range, duration, and geographic and product scope.

Authority	Status	Range (%)	Duration	Geography	Product Scope
IEEPA	Invalidated	10.0 – 40.0	2025 to 2026	All countries	Broad range of goods
Section 122	In effect	10.0 – 15.0	2/24/26 – 7/24/26	All countries	Near universal (exemptions outlined above)
Section 232	In effect	10.0 – 50.0	No limit	All countries (some adjustments for partners)	Steel, aluminum, copper, autos, buses, trucks, lumber, semiconductors, furniture
Section 301	In effect	7.5 – 100.0	No limit	China mainly	Machinery and equipment, electronics, consumer goods, EVs and batteries, medical products, critical minerals, textiles
Section 201	Not in effect	Up to 50.0%	4-yr term (8-yr max)	All countries	Case-specific (solar panel parts previously)
Section 338	Not in effect	Up to 50.0%	No limit	Case-specific	Case-specific

Below is a breakdown of key IEEPA tariffs revoked and major Section 232 and 301 tariffs still in place.

IEEPA Tariffs Revoked	Rates (%)	Major Section 232 Tariffs*	Rates (%)	Major Section 301 Tariffs**	Rates (%)
Canada Fentanyl-Trafficking	35.0	Steel, Aluminum, Copper & Derivatives	50.0	Medical Products	50.0 – 100.0
Mexico Fentanyl-Trafficking	25.0	Automobiles & Auto Parts	25.0	Solar & Semiconductors	50.0
China Fentanyl-Trafficking	10.0	Medium/Heavy Trucks	25.0	Auto Parts	25.0
Brazil Tariff	40.0	Softwood Timber & Lumber	10.0	Consumer Goods	7.5
India Tariff	25.0	Semiconductors & Derivative Products	25.0	Critical Minerals, Steel, Aluminum & Tungsten	25.0
Reciprocal Tariffs	10.0 – 41.0	Upholstered Wood Furniture	25.0 (30.0% in 2027)	EVs & Batteries	100.0
Cuba/Iran Secondary Tariffs	25.0 (planned)	Buses	10.0	Maritime Cargo Handling Equipment	100.0
Venezuela Secondary Tariffs	25.0 (planned)	Kitchen Cabinets	25.0 (50.0% in 2027)	Textiles, Apparel, Footwear	7.5

*The Trump Administration is currently considering Section 232 tariffs on the following: commercial aircraft and jet engines, processed critical minerals, drones, polysilicon, wind turbines, medical equipment, and robots, and industrial machinery. Section 232 tariffs on pharmaceuticals will take into effect on July 31, 2026.

**Section 301 tariffs, as opposed to Section 232 national security tariffs, can “stack” on top of the Section 122 tariffs. Section 301 tariff rates are for Chinese imports.

***Section 201 tariffs on solar panels recently expired. These tariffs are limited to four years and can be extended to eight.

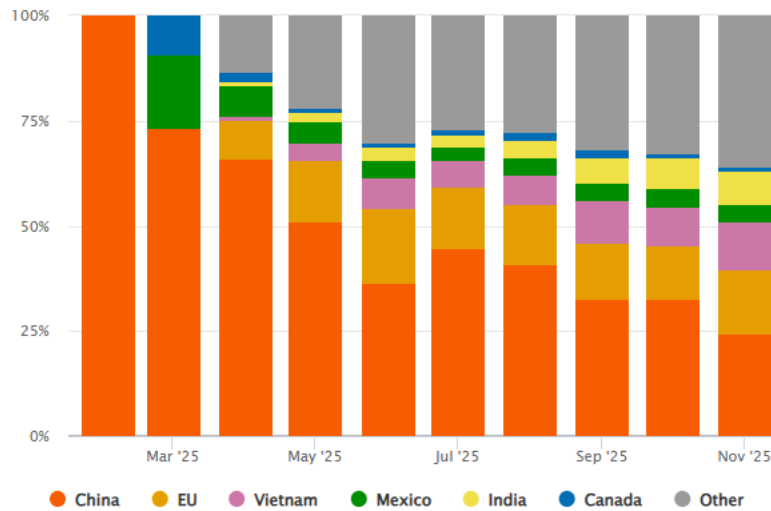
The Refund Process

Following the United States CIT decision on March 4, 2026, requiring the United States CBP to issue refunds on IEEPA-based tariffs, the United States CBP started accepting applications for refunds on April 20, 2026. Importers of record (IORs) and licensed customs brokers can file for refunds through the CBP’s new CAPE system, which is an automated refund tool. IORs or licensed customs brokers will only need to file CAPE Declarations within the Automated Commercial Environment (ACE) in CSV format. According to the [CBP](#), “The CAPE Declaration consists of the list of entries for which refunds of IEEPA duties are being requested.” The refund process is being deployed in phases, with phase 1 released on April 20, 2026, covering certain unliquidated entries and entries within 80 days of liquidation, estimated to cover 63.0% of IEEPA-affected tariffs. The CBP expects refunds to be issued electronically, only to US bank accounts, within 60 to 90 days after review and acceptance. Additional phases are planned for deployment later in 2026 to cover more complex tariff refunds. However, there are limitations with the CAPE system, including the system not processing entries that are under protest filing, refunds only being able to be sent to a US bank, and the inability to argue or adjust classification or value issues.

The government may resist or limit refunds at a broader level, and the administration has suggested that the refund issues could be tied up in litigation for years. As of April 22, 2026, the Trump Administration has not filed an appeal against the refund order, but has until June 7, 2026. Hiring legal counsel is also an effective way to navigate the varying authorities and complex processes. The refund process will generate implications for tax treatment, accounting recognition, contractual disputes, and valuations, creating significant complications and paperwork for businesses. Given the uncertainty surrounding refund issues and shifting comments from the Trump Administration on refunds, importers may consider moving with expediency to preserve their potential refund rights. Importers should seek expert guidance on whether filing protective lawsuits, administrative protests, or requesting refunds through the new CAPE system will be most beneficial for their circumstances. Finally, protest filings must be filed within 180 days after liquidation.

The chart below shows the monthly share of IEEPA revenue by trading partner, with China accounting for the largest share for most of 2025. As such, buyers who have been importing from China may be best positioned to benefit from refunds. Large importers should dedicate internal resources, legal budget, or lobbying resources to securing refunds. Procurement departments should coordinate with finance teams and customs brokers to ensure operational readiness for refund processing. This includes confirming that payment mechanisms are in place with the CBP.

Figure 3: Share of IEEPA Revenue by Trading Partner



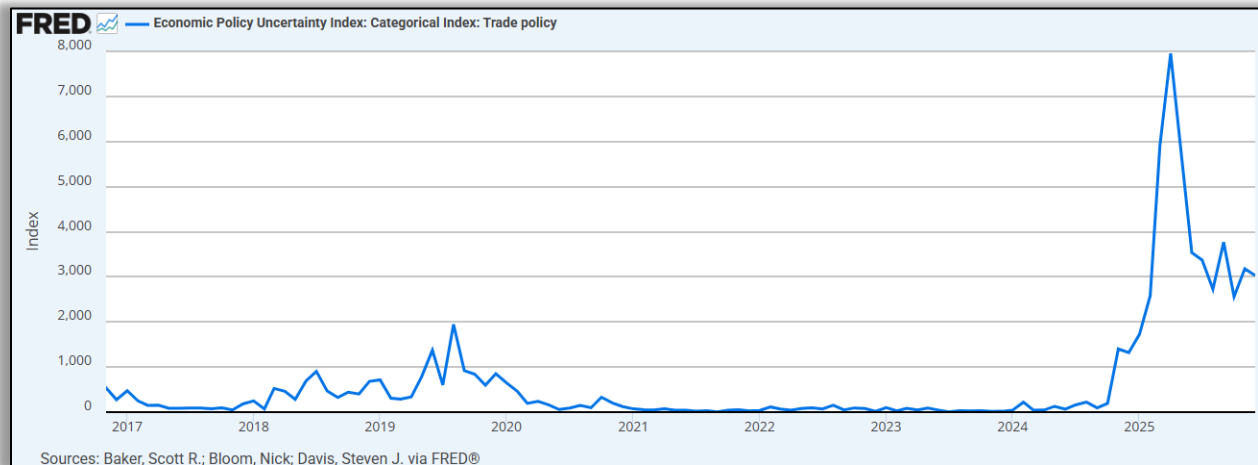
Source: Penn Wharton Budget Model based on data from U.S. International Trade Commission (USITC) DataWeb and CBP.

While importers themselves will be seeking refunds, commercial customers who bore higher prices due to pass-through may also be seeking recoupment. Non-importing companies will not have avenues to pursue direct tariff refunds, but they should contact importers of record to ensure that protests have already been filed and that any refunds obtained by the importer are passed down. Generally, the safest way downstream buyers can recover funds is through contractual reimbursement or assignment, the latter meaning the importer of record assigns part of the refund claim to the downstream buyer. Implementing clear contract language regarding refunds, assignments, or future price reductions could enable non-importing companies to benefit if refunds end up being issued. Legal action would be another path against the importer of record, but this would be a lengthier, more complicated process. In cases involving buyers and shippers, buyers without a clear pass-through clause may be able to sue shippers for unjust enrichment, as they have already paid the entire tariff cost to the shipper. By allowing the IOR, which is the shipper, to keep the tariff refund, they would be receiving a windfall from the refund. Given the level of uncertainty, companies should still consider all available avenues for recoupment.

The Impact of New Tariffs

The second Trump Administration has created a great deal of uncertainty regarding trade policy. The chart below shows the trend in trade-related uncertainty, calculated from the frequency of economic policy terms across major newspapers. The effective tariff rate on imports of foreign goods has sharply risen and fallen in the last year. As of April 2026, the [Budget Lab at Yale](#) estimates that by the end of 2026, effective tariff rates will be 8.2% if Section 122 tariffs expire, and 11.0% if Section 122 tariffs are extended. From a legal perspective, Section 122 tariffs will likely face similar challenges due to statutory overreach. Many professional [economists](#) would not consider the justification for fundamental international payments problems or balance-of-payments crises an issue in the United States, given the regime of floating exchange rates and monetary sovereignty. However, whether the Section 122 tariffs withstand judicial scrutiny remains unsettled, so companies must plan for the possibility that they are

extended or raised further. Moreover, additional tariffs related to unfair trading practices and national security threats are likely based on announcements by trade officials.



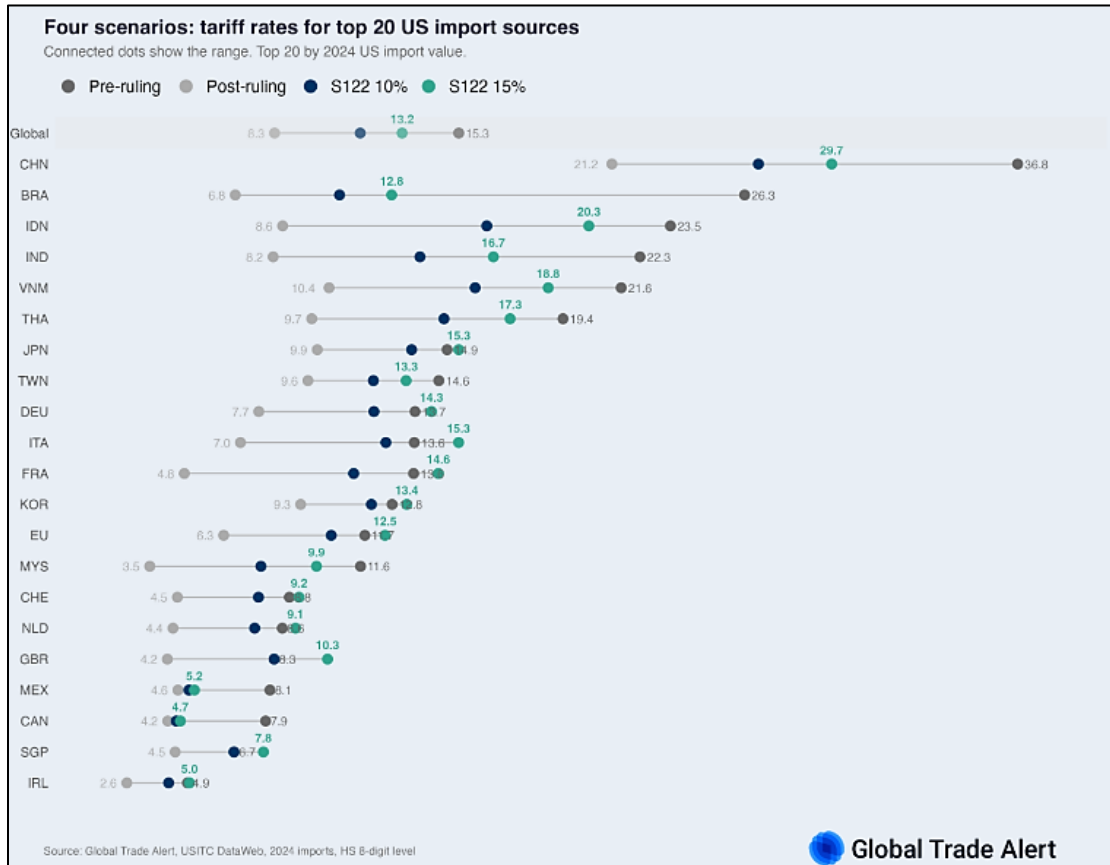
The new trade environment has challenged businesses, especially in procurement. [The Budget Lab at Yale](#) has estimated that the impact of all tariffs implemented through April 2026, including Section 122 tariffs and the adjustments to steel, aluminum, and copper tariffs, will be between a 0.5% and 0.6% increase in the overall price level if Section 122 tariffs expire, and 0.8% to 1.0% if they are extended. So, for a company with an annual procurement spend of \$100 million, a 1.0% increase in the overall price level due to tariffs translates into roughly \$1.0 million in additional annual costs. Tariffs tend to result in higher prices since they increase the costs of importing products from foreign countries, and these costs are typically passed on to consumers. A February 2026 study by the [Federal Reserve Bank of New York](#) found that there was substantial pass-through to US import prices (86.0%) from 2025 tariffs, meaning foreign exporters lowered their prices enough to absorb only about 14.0% of the tariff burden, while the remaining 86% showed up as higher landed costs for US consumers and businesses bore the burden of tariffs. This implies that a 10.0% base tariff would raise the cost of an imported product or input by about 8.0% to 9.0% before downstream markups, indicating these temporary measures could have a significant impact on contract prices. Tariffs also affect prices indirectly, as reduced foreign competition incentivizes domestic producers to raise prices. Other macroeconomic effects of tariffs include higher unemployment; the [Budget Lab](#) estimates that tariffs will increase unemployment by between 0.12 and 0.16 percentage points by the end of 2026. They also estimate that the level of real GDP remains persistently 0.1% lower than it would be without the tariffs in the long run.

The new tariff environment will have a larger impact on specific sectors of the economy. While US manufacturing output will expand due to tariffs incentivizing more domestic purchasing, construction, mining, and agricultural output will contract, highlighting the tradeoffs with these policies. Even if Section 122 tariffs expire and despite changes to how tariffs are applied on metal products, buyers of metal products, motor vehicles and parts, and machinery and equipment will still be heavily impacted, due to their high metal content and the large number of product-specific tariffs that affect metals. According to the Budget Lab, if Section 122 tariffs are extended, consumers will see a 7.5% increase in prices for clothing and footwear. If these tariffs expire, many commodities, including apparel and agricultural products, will likely not see any price changes under the current regime, as their main incremental tariff exposure comes from the temporary Section 122 surcharge rather than new product-specific measures.

Computers and electronics will be another commodity group hit hard by the current tariff regime. This is partly due to the heavy impact of Section 301 tariffs on Chinese-origin computers and electronics (e.g., semiconductors), which typically face a 25.0% tariff. Tariff stacking can particularly affect goods subject to high Section 301 tariffs. For example, the total duty for a Chinese-origin computer would be the MFN duty of approximately 3.3%, plus a 25.0% Section 301 tariff and a 10.0% Section 122 tariff, yielding an effective tariff burden of between 35.0% to 40.0%.

The continued suspension of the de minimis exemption will have a large impact on imports. After the exemption in 2025, postal traffic into the United States dropped 80.0%, as reported by the [Universal Postal Union](#). The elimination of de minimis has increased the cost and complexity of importing products under \$800, especially for companies with cross-border operations, due to the exposure to duties, additional compliance requirements, and the number of customs handling procedures. Congress already permanently repealed de minimis treatment, effective July 1, 2027, so firms can likely treat it as permanent.

Brazil, China, and India will significantly benefit from the new tariff environment. Without high IEEPA-based tariffs impacting these countries, the relative tariff advantage of countries like Mexico, Canada, and the European Union (including Great Britain) with prior trade deals or less burdensome IEEPA tariffs will shrink. The European Union and Great Britain will see the smallest decrease in the effective tariff rate. The chart below shows how tariff rates will change under different scenarios. While China still bears the highest relative tariff burden after accounting for the various Section 301 tariffs, buyers of Chinese-origin goods would see one of the largest drops in tariff rates, with similar declines visible for Brazil and India. Other countries whose relative trade advantage will improve include Vietnam and Thailand, both of which were endangered by the Trump Administration's tariffs under IEEPA due to comparatively high reciprocal tariff rates. While countries like Mexico and Canada saw their relative tariff advantage margins compress, they remain relatively attractive sourcing locations due to their proximity to the United States, inclusion in the USMCA, and relatively stable tariff rates.



Procurement teams should not expect quick price drops, as supply chains have already experienced significant cost shifts for many months before the ruling. Current inventories faced higher tariffs, and those costs are likely already represented in prices. Moreover, general policy uncertainty will slow any price changes as there is no credible commitment to lower tariffs, and refunds are still not guaranteed due to potential appeals by the Trump Administration. The [Harvard Business School Pricing Lab](#), which has been tracking the short-run impact of 2025 US tariffs, reports that the cumulative effect of the tariffs has been a 0.8 percentage-point increase in all items in the Consumer Price Index (CPI), as of February 2026.

Procurement Takeaways

- **Sourcing & Pricing:** Reassess sourcing strategies and tariff exposure now, renegotiating contracts to reflect lower effective rates and considering short-term shipment front-loading to capture near-term relief.
- **IEEPA Reset:** Revisit any previous changes made to address IEEPA-based tariffs, particularly relating to any destination shifts or pricing model adjustments made in response to these now-revoked tariffs.
- **What to Watch:** Monitor and plan for further expected developments relating to Section 232 and Section 301 tariffs, existing country-specific trade deals, and any exemption changes.

- **Refund Readiness:** Seek expert advisory before submitting IEEPA-duty refunds through the CBP's CAPE system, coordinating with finance and customs partners, but avoid budgeting for recovery given the legal and timely uncertainty of refunds.
- **Strategy Discipline:** Express caution about revering any major reshoring or other capital investments based on temporary tariff changes and instead prioritize scenario planning and increasing supply chain flexibility.

Procurement departments will want to reassess their sourcing strategies and tariff exposure and, if possible, seek to renegotiate contracts based on lower effective tariff rates. Key products or supply chains may be worse off or better off in the new tariff regime. [Morgan Stanley](#) predicted that tariff rates have already peaked, providing some relief for buyers. However, the average effective US tariff rate is still about 6.0 to 7.0 percentage points higher than before the 2025 tariffs. At the current moment, this could be an opportunity for buyers to front-load shipments in the short term and take advantage of lower tariff rates.

Buyers will want to reassess any changes they made regarding IEEPA-based tariffs, especially any sourcing destinations that were modified to mitigate exposure to countries impacted by reciprocal tariffs or any pricing models that were changed. While trade policy uncertainty makes it challenging, continuing to monitor US policy developments is necessary to stay abreast of likely changes, lawsuits, and legislation. For large changes or capital investments made, such as factory reshoring, it may not be worthwhile to change plans or global sourcing, because these decisions are more costly to unwind and are not outweighed by any temporary reversals in tariff policy. Since further investigations have been launched, buyers should monitor any future results related to Section 232 and Section 301 tariffs, including the newly announced Section 232 tariffs on certain pharmaceuticals and changes to how tariffs are determined for steel, aluminum, and copper, which are longer-term tariff measures impacting procurement. Buyers will also want to watch for clarity or guidance on the outcome of country-specific trade deals already in place. The standing of these deals would have a significant impact on sourcing destinations, as the relative attractiveness of some countries could increase or decrease. Buyers should seek to enhance overall trade compliance to quickly handle new filing requirements, adapt to changing requirements, and mitigate risks or avoid bottlenecks. Lastly, buyers should monitor revisions in tariff exemptions under the new Section 122 tariffs, as well as other potential future tariff or non-tariff measures utilized by the administration.

Businesses should treat 2026 as a transition in United States tariff laws, moving from emergency authority orders to the use of statute-specific trade tools, court decisions, and potentially stronger congressional action. Conducting scenario planning to better account for volatility, rather than solely relying on tariff relief, is a better strategy. As refunds remain uncertain, buyers should not budget for their recovery and treat any recovery as a given. Procurement teams should use available tariff rates to build scenarios around whether Section 122 tariffs expire, are raised, or are extended. Increasing flexibility in supply chains and logistics strategies will be necessary for strengthening resilience and reducing exposure to tariffs. Buyers should still be scenario planning for supply-chain disruptions, because future tariff changes are likely and could trigger retaliation, new exemptions, or sudden policy adjustments that alter where goods are sourced, how they move across borders, and the reliability and cost of logistics for companies. Practical steps include qualifying alternative suppliers in lower-tariff areas, mapping critical components with high tariff exposure, and evaluating additional logistics costs under scenarios where countries become more expensive to import from.

Close coordination with stakeholders and alignment among procurement, legal, and finance teams will also be necessary when making strategic decisions on capital investment, inventory, and tariff-mitigation strategies. Many firms may need to formalize the roles of legal and policy monitoring and procurement

strategy to best adjust to tariffs. This cross-functional alignment helps ensure that pricing, sourcing, and risk assumptions are consistent across departments. Companies should also consider other mitigation tools, such as duty drawbacks or refunds for imported goods or products made from them that are later exported. Foreign-trade zones (FTZs) can also help avoid or reduce tariffs on imported goods.

The overall geopolitical nature of tariffs will require firms to build internal capabilities to address these issues, specifically regarding customs, policy monitoring, and logistics. ProcurementIQ's ad-hoc custom research reports can help in this ever-changing environment. One recent ProcurementIQ research report conducted a manufacturing sourcing analysis (detailing current sourcing locations and overall tariff exposure) and outlined best practices for adapting to tariffs and shifting supply chains. Common strategies to build longer-term cost resilience in this environment include diversifying suppliers, negotiating contract adjustments, and considering nearshoring or reshoring manufacturing operations or sourcing to better reduce exposure to tariffs. Multi-source resistance is crucial for critical materials and components. The recent ProcurementIQ report noted that companies are citing tariffs more than four times as often as a justification for shifting supply chains. Utilizing technologies such as artificial intelligence for scenario planning can be helpful as well for supply chain issues.

ProcurementIQ can support procurement teams with category-specific tariff exposure analysis, supplier risk assessments, and custom best practices tailored to your business. Our extensive catalog of over 900 category reports includes market-specific recent developments highlighting the impact of tariffs, as well as analyses of products such as steel, aluminum, and copper for affected markets.