

Tariff Refunds Underway

On February 20, 2026, the Supreme Court ruled 6–3 that President Trump’s tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were unlawful. However, the decision offered little guidance on how the estimated \$166 billion in tariff refunds would actually be administered. In response, thousands of U.S. importers filed lawsuits in the U.S. Court of International Trade seeking repayment of duties already collected. That process escalated when a judge ordered U.S. Customs and Border Protection (CBP) to begin issuing refunds “immediately.” With no existing infrastructure in place to handle claims at scale, CBP was forced to rapidly develop a new online refund portal known as CAPE (Consolidated Administration and Processing of Entries), which officially launched on April 20. So where do things stand now? Have importers actually received their money back, and what could the refund process look like going forward? In this week’s “Three on Thursday,” we examine the evolving state of tariff refunds and the potential implications ahead. View the table and two charts below for additional insight.

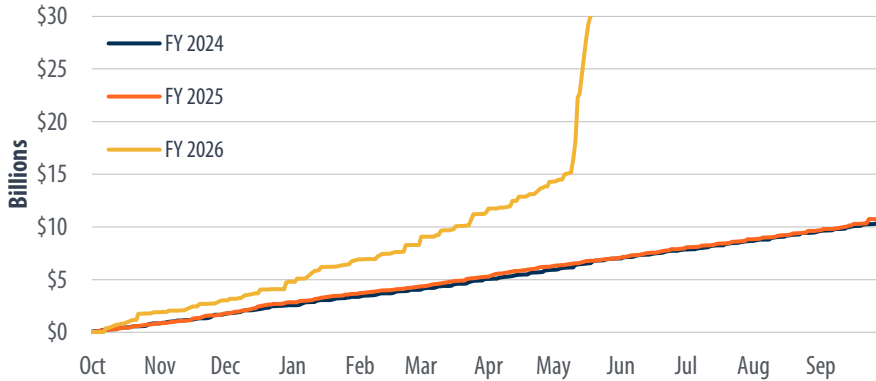
IEEPA Refund Progress

Total IEEPA-Affected Importers		As of May 11	Share of Total Eligible
330,000	Declarations Submitted	126,237	38%
	Passed File Validation	86,874	26%
Total IEEPA-Affected Entries			
53,000,000	Entries Accepted	15,123,221	29%
	Entries Liquidated/Reliquidated	8,338,081	16%
Total IEEPA Eligible Refunds (\$B)			
\$166	Value of Refunds Liquidated	\$35.46	21%
	Value of Refunds Returned	?	?

Source: Customs and Border Protection, First Trust Advisors.

Around 330,000 importers paid IEEPA tariffs over the past year, and many are now seeking refunds. In its second progress report released last week, U.S. Customs and Border Protection (CBP) said that as of May 11, more than 126,000 declarations (formal refund claims) had been submitted through the CAPE portal, covering roughly 15 million import entries (customs claims), or about 29% of all those eligible for repayment. However, the refund process has been far from smooth. Just under one-third of claims were rejected during the initial review stage, likely due to filing errors, incomplete documentation, or data mismatches. Only about half of the associated entries have been liquidated — finalized for refund — or reliquidated, meaning previously finalized customs calculations were reopened and recalculated before repayment could proceed. Once that process is complete, the claims are transmitted to the Treasury for payment. As of May 11, liquidated refunds totaled \$35.46 billion, though uncertainty remains over how quickly companies will actually receive the funds.

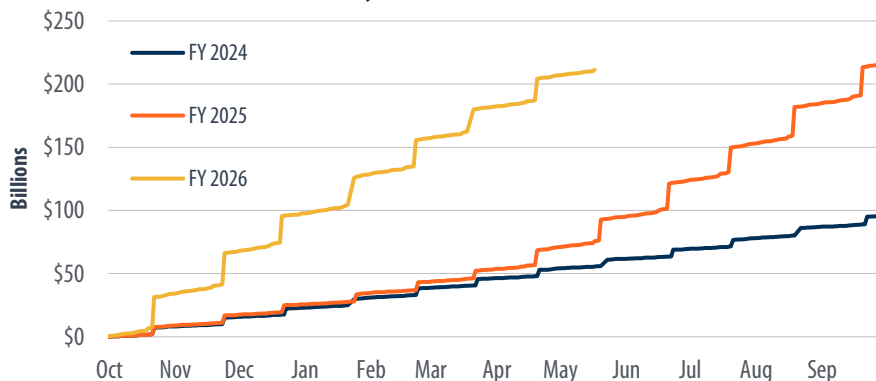
Cumulative Withdrawals from the Treasury: Customs and Border Protection



Source: U.S. Treasury, First Trust Advisors. Daily data 10/2/2023-5/19/2026.

Once CBP liquidates an entry — formally finalizing it for repayment — the refund request is transmitted to the Department of the Treasury, which then processes and disburses the funds. The Treasury General Account (TGA), essentially the Federal Government’s checking account, began showing unusually large withdrawals tied to Customs and Border Protection starting May 11. Under normal conditions, CBP typically draws roughly \$500 million per week. However, in the week ending May 15, 2026, withdrawals surged to \$12.8 billion — more than is normally withdrawn in a year — signaling that tariff refunds are beginning to flow back to importers. For many companies, these repayments will likely flow directly to the bottom line, potentially providing an additional boost to earnings beyond what markets have seen so far.

Cumulative U.S. Tariff Revenue by Fiscal Year



Source: U.S. Treasury, First Trust Advisors. Daily data 10/2/2023-5/19/2026.

In Fiscal Year 2025, the Federal Government collected roughly \$215 billion in customs duties, with an estimated 65% tied to IEEPA tariffs. Now that those tariffs have been ruled unlawful, the focus has shifted to how the refunds will impact the FY2026 budget. While about \$166 billion in repayments may be owed, interest costs could push the total closer to \$170 billion and rising. Current Treasury accounting suggests that these payments will reduce Federal revenues, not add to spending. Prior to the SCOTUS tariff ruling in February, the Congressional Budget Office estimated customs duties revenues in FY2026 to reach \$418 billion. As of May 19, customs duties revenues for FY2026 have totaled \$211 billion, meaning over \$200 billion must be collected by October to meet expectations. We think this is highly unlikely given that President Trump’s Section 122 tariffs — which partially replaced the IEEPA tariffs — are set to expire in late July. Even if the Administration finds another route to apply tariffs after this, they will likely be lower than the original IEEPA levels, and could add further pressure to the FY2026 deficit.

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.