

May 2026

Taxability and Tariff Refunds

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Earlier this year, the Supreme Court ruled that many of President Trump's "emergency" import tariffs were improperly collected, finding there was no congressional authority to impose them.

Since then, businesses that paid those now-unsanctioned tariffs have been waiting for guidance from U.S. Customs and Border Protection (CBP) on how to recover those funds.

On April 20, 2026, CBP officially began processing tariff refund claims through its new online CAPE portal and, presumably, significant refunds will soon begin flowing back to importers who can substantiate and perfect their claims.

What's interesting is that the conversation is now shifting from operations to tax strategy.

Businesses are asking:

- How do we operationally track and reconcile these claims?
- Who is coordinating this process – internal accounting teams or customs brokers?
- How will these refunds flow through the financial statements?
- What happens to the interest paid on the refunds?
- And ultimately... "Do we have to pay tax on this?"

As is typically the case in tax planning, the answer is: *It depends.*

Under the tax benefit rule, if the original tariffs reduced taxable income in prior years – whether through cost of goods sold, inventory deductions, or depreciation – some or all of the refund may ultimately become taxable income. In some cases, businesses may recognize income immediately. In others, the refund may instead reduce future inventory costs or depreciation deductions over time.

This becomes especially important for companies with large inventories, fixed asset purchases, bonus depreciation elections, or complex inventory accounting methods such as LIFO or weighted-average costing.

For businesses expecting meaningful refunds, this is quickly becoming far more than a customs issue. It's now a coordinated conversation between operations, accounting, tax advisors, treasury teams, and legal counsel.

The businesses that get organized early – operationally and strategically – will likely be in the best position as the refund process accelerates. For businesses expecting meaningful refunds, this is becoming a cross-functional project involving operations, tax, accounting, treasury, and legal teams – not just customs compliance.

The official U.S. Customs and Border Protection (CBP) refund portal is through the ACE Portal / CAPE system:

[CBP IEEPA Duty Refund Portal & Instructions](#)

You'll need an ACE Portal account to submit a CAPE Declaration for the tariff refund claim.

Direct ACE login:

[ACE Secure Data Portal Login](#)

CBP guidance says:

- Importers of Record (IORs) or authorized customs brokers can file claims
- Claims are submitted through the CAPE tab inside ACE
- Refunds are currently being processed for Phase 1 eligible entries
- ACH banking information should be set up in ACE for direct refunds

This checklist article is also one of the clearest operational walkthroughs I've seen:

[CAPE Refund Filing Checklist & Walkthrough](#)

HOW MUCH IN ILLEGAL TARIFFS WERE COLLECTED?

Estimates of Tariffs Collected Under Invalidated "Emergency" Authorities

ESTIMATED ILLEGALLY COLLECTED TARIFFS BY PROGRAM		ESTIMATED REVENUE
	IEEPA Global Tariffs 10% "baseline" tariff on most countries (excluding Canada & Mexico) Implemented April 5, 2025	\$45B – \$55B
	IEEPA China Tariffs Additional tariffs on China Implemented Feb. 1 – May 12, 2025	\$15B – \$20B
	IEEPA Canada Tariffs* Fentanyl-related tariffs on non-USMCA goods Implemented March 4 – April 2, 2025	\$15B – \$18B
	IEEPA Mexico Tariffs* Fentanyl-related tariffs on non-USMCA goods Implemented March 4 – April 2, 2025	\$13B – \$15B
TOTAL ESTIMATED RANGE		\$88B – \$105B

These amounts could impact cash flow, taxable income, and prior-year deductions for many businesses. Work with your customs broker, CPA, and legal advisor to evaluate eligibility and plan for the tax impact.

* Excludes goods compliant with the U.S.-Mexico-Canada Agreement (USMCA). Estimates are approximate and subject to change.

BOTTOM LINE ESTIMATE

\$88B – \$105B

in tariffs collected illegally
May 2025 – April 2026



On May 28, 2025, the U.S. Supreme Court ruled that many of President Trump's "emergency" tariffs were improperly collected.

WHAT DO THESE NUMBERS MEAN?



These are estimates of tariffs collected under IEEPA authorities that the Supreme Court found to be invalid.



Importers who paid these tariffs may be eligible to claim refunds through CBP's new CAPE refund portal.



The estimates cover the period from May 28, 2025 (date of the ruling) through April 19, 2026 (start of CBP's refund processing).

Sources: U.S. Treasury Monthly Statement, U.S. International Trade Commission Data, CBO Estimates, Industry Analysis



Estimates as of April 30, 2026

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Information as of May 28, 2026

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