

ELECTRONIC COMPONENTS INDUSTRY ASSOCIATION

Customer Advisory — Issued by ECIA Member Manufacturers & Distributors

TARIFF REFUNDS AND YOUR ELECTRONIC COMPONENTS PURCHASES: WHAT YOU NEED TO KNOW

Issued: April 29, 2026 | Prepared jointly by ECIA member manufacturers, distributors, and reps as guidance for their customers

***PURPOSE:** This advisory is issued jointly by ECIA member manufacturers and distributors to help you — as a customer purchasing electronic components — understand what the U.S. Supreme Court's February 20, 2026 tariff ruling means for you: what costs are potentially recoverable, what are not, and what a realistic timeline looks like for any benefit to reach you. We are providing this guidance because the refund process is genuinely complex, and we believe you deserve an accurate picture rather than an optimistic one. This document does not constitute legal or tax advice. Consult qualified trade counsel for guidance specific to your circumstances.*

1. What Happened: The Court Ruling in Plain Terms

On February 20, 2026, the U.S. Supreme Court ruled 6 to 3 that President Trump did not have legal authority to impose tariffs under the International Emergency Economic Powers Act, known as IEEPA. The Constitution gives Congress — not the President — the power to impose taxes and duties on imports, and the Court found that IEEPA does not clearly transfer that power to the executive branch.

As a result, all IEEPA-based tariffs imposed between February 4, 2025 and February 23, 2026 were ruled unlawful. These included the broad reciprocal tariffs (sometimes called "Liberation Day" tariffs) applied at 10% or higher against goods from most countries starting April 2, 2025, as well as fentanyl and trafficking-related tariffs on goods from Canada (35%) and Mexico (25%) for non-qualifying USMCA goods, China (10%), and additional tariffs on goods from Brazil and India during shorter periods.

Following the ruling, all IEEPA tariffs were formally terminated and U.S. Customs and Border Protection (CBP) stopped collecting them as of February 24, 2026. A new federal refund portal — the Consolidated Administration and Processing of Entries system, or CAPE — opened April 20, 2026 to allow eligible parties to begin claiming refunds.

Here is the critical point: the parties eligible to file directly with CBP are the companies that paid duties at the border — which in the electronic components supply chain are almost always manufacturers or their freight agents. As a customer buying finished components from a distributor, you are not in a position to file a claim with the federal government. Any benefit would need to flow to you through your supply chain — a process that will take considerable time and is subject to significant uncertainty.

2. You Will Not Get 100% of Your Tariff-Related Cost Increases Back

***THE MOST IMPORTANT FACT:** Even in the best case — where your suppliers receive full IEEPA refunds and choose to pass them through — the amount you could receive represents only a portion of the tariff-related cost increases embedded in your component pricing during 2025. Multiple separate tariff programs were in effect simultaneously. Only the IEEPA layer was ruled unlawful. Every other tariff program remains fully in effect and is not subject to any refund.*

Understanding the tariff landscape of 2025 is essential to setting realistic expectations. Multiple programs were stacked on top of each other, and they have very different legal statuses today:

Tariff Program	Refundable?	What This Means for Your Components
Section 301 Tariffs (in effect since 2018–2019)	NO — not refundable	These tariffs on Chinese-origin goods at rates of 7.5% to 25% have been in place for years. A large portion of passive and active electronic components — resistors, capacitors, ICs, connectors — are manufactured in China and carry these duties. They are unchanged by the IEEPA ruling and are not being refunded to anyone.
Section 232 Tariffs (steel & aluminum)	NO — not refundable	These duties apply to metal-content goods including many connector and enclosure components. They remain fully in effect and were not part of the IEEPA challenge.
Section 122 Tariff (10%, post-IEEPA)	NO — not refundable	When IEEPA tariffs were terminated, a new 10% tariff was immediately imposed under a separate law — Section 122 of the Trade Act of 1974. This continues to apply broadly today and is not part of the refund process.
IEEPA Tariffs (Feb. 4, 2025 – Feb. 23, 2026)	PARTIALLY — with significant limitations	These are the tariffs the Supreme Court struck down. Only this layer is eligible for refund through the CAPE system — and even within this category, numerous exclusions apply (see Section 3 below). This is the only portion of 2025 & 2026 tariff costs that is potentially recoverable.

To make this concrete: if your Chinese-origin components carried a 25% Section 301 tariff, a 10% IEEPA reciprocal tariff, and a 10% IEEPA trafficking tariff during 2025, the maximum refundable portion is roughly 20 percentage points of duty — and only on entries that are eligible under the CAPE rules. The 25% Section 301 tariff, which has likely been embedded in component pricing for years, is not recoverable now or in the future under this ruling.

3. Not All IEEPA Tariffs Are Refundable Either

Even within the IEEPA tariff category, CBP has designed the CAPE refund system with significant exclusions. Phase 1, which launched April 20, 2026, is intentionally limited to the most straightforward cases. A meaningful share of IEEPA duties paid during 2025 fall into excluded categories:

- Entries liquidated by CBP more than 80 to 90 days before the claim filing date fall outside the window in which CBP is legally authorized to voluntarily reliquidate. Many shipments from early 2025 — when IEEPA tariffs were first imposed and rates were highest — are in this category. Recovering those duties requires filing legal protests or suing at the U.S. Court of International Trade, a process that takes additional months to years and carries uncertainty. Phase 2 of CAPE is uncertain as to timeline and may not cover entries for which liquidation has become final (more than 180 days past the liquidation date).
- Goods from Canada or Mexico entered between March 4 and March 6, 2025 specifically: CBP has confirmed these duties cannot be refunded under any phase of CAPE. The tariffs were acknowledged as legally in effect during those exact dates under a court-recognized transitional period.

- Entries involving antidumping or countervailing duty reviews, drawback claims, reconciliation filings, and certain specialized entry types are excluded from Phase 1 and may be addressed in later phases — or may require separate legal action.

WHAT THIS MEANS FOR YOU: When your supplier tells you that some or many of their 2025 import entries are not eligible for Phase 1 refunds, or that the refundable amount is smaller than expected, they are describing real constraints built into the federal refund system — not making excuses. Later CAPE phases may address some of these categories, but timelines and outcomes for those phases are not yet defined.

4. The Journey from Federal Refund to Your Pocket: A Realistic Timeline

Even after a manufacturer receives a valid IEEPA refund from CBP, that money does not automatically flow to you. It must travel through multiple commercial stages, each of which involves its own analysis, business judgment, and time. Here is what that journey looks like:

Stage	Estimated Timeframe	What Is Happening — and Why It Takes Time
1. Manufacturer files CAPE claim with CBP	April 20, 2026 onward	Your component manufacturer (or their customs broker) submits a list of eligible import entries to CBP through the federal ACE Portal. This step alone requires significant data compilation, legal review, and qualification analysis. Only entries meeting specific eligibility criteria can be included.
2. CBP reviews claims and issues refund to manufacturer	60–90 days from acceptance (estimated mid-to-late 2026)	CBP validates each entry, removes IEEPA duty charges, recalculates the amount owed, and issues an electronic payment to the manufacturer. CBP aims for 45 days on simple cases, but with over 56,000 importers having pre-registered and more filing daily, processing volume is enormous. CBP may also flag entries for broader compliance review, which can delay or reduce refunds.
3. Manufacturer reconciles and analyzes what was received	Q3–Q4 2026 (highly variable by company)	Once the manufacturer has funds from CBP, a detailed internal process begins: Which specific entries were refunded? Which products do those entries cover? Was the tariff cost passed through to distributors at the time? What are the contractual obligations? This analysis involves legal, finance, tax, and trade compliance teams. No responsible manufacturer can make downstream payments before completing it.
4. Manufacturer decides on distributor pass-through	Q3–Q4 2026	Whether any refund goes to distributors depends on the contracts in place between the manufacturer and its distribution partners. Some agreements have explicit tariff adjustment provisions; many do not. Manufacturers that passed tariff costs through to distributors have a stronger basis for sharing refunds; those that absorbed the costs themselves may reasonably

		retain refunds as partial compensation for that absorption.
5. Distributor receives payment from manufacturer (if applicable)	Q4 2026 to Q1 2027	If a manufacturer determines a pass-through is appropriate, distributors receive payment and then face their own version of the same analysis: Did they pass tariff costs to customers? What do their sales contracts say? The distributor's internal reconciliation process begins here.
6. You may receive a benefit — if applicable	Q1 2027 or later, if at all	Any financial benefit to you as an end customer is the final link in a long and uncertain chain. It depends on every prior stage completing successfully, plus: your specific contractual terms with your distributor, the administrative practicality of distributing small per-SKU amounts across large customer bases, and commercial decisions made at each level of the supply chain. There is no federal mechanism compelling a customer-level refund.

REALISTIC EXPECTATION: If you receive any benefit at all, Q1 2027 is the earliest plausible scenario — and only for the IEEPA tariff portion of duties on entries that were eligible under CAPE. This is not a failure of willingness on your suppliers' part. It is the reality of a multi-tier supply chain operating within a federal refund process that was not designed with end-customer distribution in mind.

5. Why the Final Amount May Be Smaller Than You Expect

Beyond the structural complexity of the pass-through chain, several additional factors may reduce what ultimately reaches you:

Compliance Review Risk

When manufacturers file CAPE claims, CBP reviews entries not just for IEEPA eligibility, but for any other customs compliance issues — including product classification, valuation, and country-of-origin declarations. An IEEPA claim can trigger a broader audit resulting in additional duty assessments that offset or exceed the anticipated refund. Your manufacturer has no control over this risk, and it affects what they actually receive.

Country of Origin and Product Mix

The IEEPA tariff rate varied significantly by country and time period, and not all products from all countries were affected equally. Your specific components may have had lower IEEPA rates, shorter exposure periods, or may have been sourced from countries where the refundable increment is small relative to the total duty paid. The net refundable amount requires entry-by-entry analysis that varies by product line.

Administrative Cost of Downstream Distribution

Calculating and distributing refunds across thousands of customer transactions, many involving small per-line-item amounts, is a substantial administrative undertaking. The cost and complexity of accurately tracing IEEPA duty costs through distributor inventory, customer invoices, and product mix may in some cases approach or exceed the refundable amount itself — particularly for lower-volume purchases.

Ongoing Litigation Uncertainty

The U.S. government faces a deadline in early May 2026 to appeal the Court of International Trade's order establishing the CAPE refund process. Legal challenges to the refund mechanism itself remain possible. While

ECIA member manufacturers and distributors are proceeding in good faith based on current court orders, any significant appellate development could affect timing or eligibility.

6. A Note from ECIA Member Manufacturers and Distributors

We recognize that the tariff environment of 2025 created real and significant cost pressures throughout the electronic components supply chain — pressures that ultimately landed on the customers and partners who depend on us for the components that power their products. This advisory is our attempt to be straightforward with you about a process that carries genuine complexity and genuine uncertainty.

We are committed to processing our CAPE filings as thoroughly and promptly as possible, conducting our internal reconciliation responsibly, and communicating with our distribution partners about pass-through decisions in a timely way. Where commercial agreements and business circumstances support sharing refunds with customers, we want to do that. Where they do not, we want you to understand why — not be surprised.

ECIA will provide updated guidance as the CAPE program evolves, later phases are defined, and the legal landscape develops. Please direct questions to your ECIA member manufacturer or distributor representative.

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