

# Understanding the New Section 122 Tariffs and the End of IEEPA Tariff Actions

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On Friday evening, in response to the Supreme Court decision (see our earlier [advisory](#)), President Trump issued **three legally binding actions**, including the removal of the existing IEEPA tariffs and the imposition of a new 10% global tariff under Section 122. On Saturday, February 21, President Trump announced via social media that he was raising the rate to 15%, the maximum permitted under Section 122, but no new executive order has been issued so far.

The Administration has also announced the following actions to be taken:

1. Initiate several investigations under Section 301 to deal with “unjustifiable, unreasonable, discriminatory, and burdensome acts, policies, and practices by many trading partners.” **At their conclusion, these investigations are likely to result in the imposition of more-enduring tariffs to replace the time-limited Section 122 tariffs discussed below.**
2. Continue ongoing Section 301 investigations, including those involving Brazil and China.
3. Maintain tariffs currently imposed under Section 232 (e.g., steel, aluminum, copper, autos), and conclude ongoing investigations.

Here are the key takeaways from the Presidential orders:

## IMMEDIATE: Rescission of the IEEPA tariffs ([Executive Order](#))

- **The following IEEPA tariffs “shall no longer be in effect and, as soon as practicable, shall no longer be collected.”**
  - Canada Fentanyl-Trafficking (currently 35%)
  - Mexico Fentanyl-Trafficking (currently 25%)
  - China Fentanyl-Trafficking (currently 10%)
  - Venezuelan Oil (not yet imposed on any country)
  - Global Reciprocal (varies by country)
  - Anti-Corruption (Brazil) (currently 40%)
  - Russian Oil (India) (rescinded effective Feb. 7, 2026)
  - Cuban Oil (not yet imposed on any country)

- Iranian Support (not yet imposed on any country)
- CBP issued a message on its Cargo Systems Messaging Service (“CSMS”) confirming that it will **stop collecting IEEPA tariffs (de-activate all IEEPA-related tariff codes) effective 12:01 a.m. EST on Tuesday, February 24**, coinciding with the start of the Section 122 tariffs. CBP’s message did not address refunds.
- Any other non-tariff measures taken under these previous executive orders, and all related “national emergency” declarations, are not affected and remain in effect.
- The President is directing agencies to “immediately begin taking steps to effectuate this order and, as soon as practicable, terminate the collection” the abovementioned tariffs. This includes modification to the U.S. Harmonized Tariff Schedule (HTSUS) as necessary.
- This order does not affect any other tariff actions, including those taken under Section 301 and Section 232.

## SHORT-TO-MEDIUM TERM: Temporary 10% tariff for 150 days under Section 122 ([Proclamation](#))

- Effective period: **12:01 am on February 24, 2026, through 12:01 am on July 24, 2026**, unless “expressly suspended, modified, or terminated on an earlier date,” or “extended by an Act of the Congress.”
- **In-transit exemption for goods loaded before 12:01 am on February 24, 2026, and entered before 12:01 am on February 28, 2026.**
- **General exemptions to the 10% tariff** are outlined in [Annex I](#) (modifying the HTSUS to implement) and [Annex II](#) (listing the exempt HTSUS codes with “scope limitations,” as applicable) and are summarized below. If any exception is found to be “invalid in whole or in part,” only the exception – and not the entire proclamation – will be treated as invalid and the required application of the tariff will apply only prospectively.
  - USMCA-qualifying goods.
  - Goods currently or in the future subject to a Section 232 action.
  - CAFTA-DR free trade agreement-qualifying textiles and apparel.
  - Certain goods in defined sectors: critical minerals; currency and bullion; energy and energy products; national resources and fertilizers not sufficiently available in the United States; agricultural products; pharmaceuticals and pharma ingredients; electronics; vehicles (types of trucks, buses, and passenger vehicles); and aerospace products.
  - Information materials, donations, and personal baggage.
- Tariff applies on top of “any other duties, taxes, fees, exactions, and charges applicable to such products,” except Section 232 tariffs.
  - If the Section 232 tariff applies to only a “part” of a product (such as a derivative product), the 10% tariff under Section 122 applies to the remaining (non-232) “part” of the imported good.

- This appears to echo the way the Section 232 and Global Reciprocal tariffs had stacked for derivative products. Note that there is currently considerable debate, without official CBP guidance, regarding how importers should determine the value of the “content” of the imported good subject to Section 232 tariffs (e.g., steel content of a steel derivative product).
- The Section 122 tariff will be treated as a regular customs duty, which means it should be deducted from U.S. price in antidumping duty calculations (like Section 232 tariffs).
- The U.S. Trade Representative (USTR) is charged with monitoring the “fundamental international payments problems,” and will inform the President of circumstances that “might indicate the need for further action by the President, including under section 122” (separate from suspension, modification, or termination of the tariff).

## BRIDGE TO PERMANENT: Continued suspension of *de minimis* treatment of shipments valued at less than \$800 ([executive order](#))

- This clarifies an open question regarding the effect of the SCOTUS decision on *de minimis* suspension actions taken alongside tariffs actions in prior IEEPA executive orders.
- Effective, February 24, 2024, all articles from all countries and regardless of method of entry, except international postage, are subject to all applicable duties and fees and must make formal entry.
- International postage network shipments may enter duty free, without formal entry by CBP, except that a duty equal to the Section 122 balance-of-payments tariff (10%) must be collected by carriers and remitted to CBP. The duty is in effect for international postage until the Section 122 action expires, or “until the effective date of the new entry process for postal shipments established by CBP,” whichever comes first.
- Recall that Congress has already permanently repealed *de minimis* treatment, effective July 1, 2027.