

## Supreme Court Ruling

by Brad Long, CFA, Managing Partner, Chief Investment Officer and  
Chris Maxey, Managing Director, Chief Market Strategist  
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### Tariffs Overturned: What Comes Next

In a decision closely watched by investors, the Supreme Court ruled 6 to 3 that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose broad tariffs. The ruling invalidates the largest set of tariffs implemented in a century. The Trump Administration relied on IEEPA, an emergency powers statute, to impose sweeping tariffs on key trading partners in April 2025.

The Court concluded that taxing authority is not vested in the Executive Branch, immediately raising questions about the future direction of U.S. trade policy. Investors should recognize that **tariffs are unlikely to disappear entirely**. Within hours of the ruling, the administration announced a replacement plan using alternative statutory authorities. **The legal channel has changed, but the policy intent has not.**

### Major Check on Executive Trade Power

Last year, the Administration rolled out a two-part tariff program that relied heavily on IEEPA. The program imposed tariffs of 25% on most Canadian and Mexican imports and 10% on most Chinese imports. In April, it expanded further through the announcement of reciprocal tariffs, establishing a 10% baseline on most imports alongside higher, country specific rates for dozens of trading partners.

These tariffs were implemented through executive action and were frequently adjusted. They also drew swift legal challenges from businesses and state governments, which argued that IEEPA does not grant the Executive Branch authority to impose taxes, a power traditionally reserved for Congress. Lower courts ruled against the Administration, allowing the case to advance. After hearing arguments in November 2025, the Supreme Court ruled that IEEPA does not authorize the President to impose tariffs.

*“The Framers did not vest any part of the taxing power in the Executive Branch... And they gave Congress alone access to the pockets of the people.”* — Chief Justice John Roberts

## What Comes Next

The Supreme Court's decision addressed only one portion of the tariff framework, covering roughly \$130 billion in tariffs collected since last January<sup>1</sup>. However, tariffs not under IEEPA remain fully intact. Most notably those implemented on China will remain.

This is more likely to represent a period of transition than a clean end to tariffs. While the structure may change, tariffs themselves appear likely to remain a feature of trade policy, albeit in a modified form. Within roughly two hours of the ruling, the administration invoked Section 122 authority, imposing an immediate 10% tariff for up to five months.

## Potential Market Impact

Details over the coming days will matter as the Administration explores new avenues to pursue policies similar to those already in place. In the near term, markets may interpret the ruling as a form of tariff relief, particularly if interim rates are reinstated at lower levels, which may be supportive for equities.

At the same time, the ruling raises broader fiscal questions. Tariff receipts had been used as an offset for the stimulative components of the One Big Beautiful Bill, which became law in January. Any reduction in tariff revenue may renew focus on U.S. debt levels and fiscal sustainability.

As policy uncertainty remains elevated, our approach is unchanged. We continue to emphasize diversification and disciplined rebalancing rather than reacting to individual headlines. Diversification proved especially effective in 2025 and into the early part of this year, supported by strong international equity performance and continued stability in fixed income. We will continue to monitor developments closely and will provide updates should new information warrant additional attention.

For more information, please contact a member of our Research Team.

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<sup>1</sup> [Ruling to Set Off Scramble for Refunds - WSJ](#)

## About the Authors



**Brad Long, CFA**  
Managing Partner,  
Chief Investment Officer

Brad joined Fiducient Advisors in 2012. As Fiducient Advisors' Chief Investment Officer, Brad leads the firm's investment strategy and research efforts. He is chair of the firm's Investment Committee and a member of the firm's Discretionary Committee, Research Forum, Capital Markets Team and Mission-Aligned Investing Council. Prior to joining the firm, Brad worked in various research capacities at Citigroup and Wells Fargo in New York. He received a BA in Finance and Minor in Economics from The University of Colorado and is a CFA® Charterholder and member of the CFA Society of Chicago and CFA Institute. Additionally, he is active with Greenhouse Scholars, a nonprofit providing financial and personal support to under resourced college students. In his free time, Brad loves cooking and spending time with his wife and young sons.



**Chris Maxey, CAIA®**  
Managing Director,  
Chief Market Strategist

Chris serves as Managing Director and Chief Market Strategist on the Investment Team. He joined the firm in 2018 to add depth to the internal investment research function, bringing expertise in portfolio construction, asset allocation, and money manager research and due diligence.

Previously working as a portfolio manager with both Steben & Company and Fortigent, he has extensive experience in manager due diligence and risk management, which he now utilizes to provide tailored investment strategies to meet a broad range of client needs.

A Northern Virginia native, Chris lives in Vienna, VA with his family and uses every spare moment in pursuit of his photography hobby.

#### Previous Experience:

- Senior Portfolio Manager at Steben & Company
- Assistant Vice President and Portfolio Manager at Fortigent
- Portfolio Specialist at Trusco Capital Management