

# CBP Provides Further Details on IEEPA-Related Refund Mechanism

## WRITTEN BY

Ryan Last | Daniel N. Anziska

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U.S. Customs and Border Protection (CBP) has submitted a series of declarations to the U.S. Court of International Trade (CIT) in *Atmus Filtration, Inc. v. United States* (Court No. 26-01259) — on March 6, March 12, and March 19 — outlining both the legal and operational framework for refunds of duties imposed under the International Emergency Economic Powers Act (IEEPA). These developments follow the U.S. Supreme Court's February 20, 2026, decision, holding that IEEPA does not authorize the President to impose tariffs.

The submissions provide increased clarity on CBP's planned implementation of refunds through enhanced functionality in the Automated Commercial Environment (ACE). This new ACE functionality is referred to as the Consolidated Administration and Processing of Entries (CAPE) system. However, critical legal questions remain unresolved, particularly whether importers can recover IEEPA-related duties on entries that have already liquidated and are now final (*i.e.*, entries for which the 180-day protest period has expired with no protest filed). CBP's approach is evolving in response to ongoing litigation rather than through independent formal agency guidance.

## The CIT's Initial Order

The CIT's March 4 [order](#) (as amended on March 5) directed CBP to: (1) liquidate all unliquidated entries without IEEPA-related duties (*i.e.*, by recalculating the entries as if those duties had never been applied and refunding any amounts paid); and (2) reliquidate any liquidated entries for which liquidation is not final on the same basis. The order emphasized that all importers of record whose entries were subject to IEEPA-related duties are entitled to the benefit of the Supreme Court's decision.

However, on March 6, following a closed conference and CBP's declaration on operational constraints, the CIT amended the order to suspend immediate compliance pending development of an administrative refund process. This suspension remains in effect, with the CIT continuing to monitor progress through closed conferences and required reports.

## What Liquidation and Reliquidation Mean — and Why They Matter

CBP's March 6 declaration provides the governing framework: liquidation finalizes the duty owed on an entry, and reliquidation revises a prior determination. Under standard customs laws and regulations, CBP may reliquidate an entry within 90 days of liquidation, importers may protest within 180 days, and thereafter the liquidation becomes final and conclusive. In this context, liquidating unliquidated entries without IEEPA-related duties finalizes them as

if those duties were never imposed, enabling refunds with interest. Similarly, reliquidating non-final entries removes IEEPA-related duties retroactively, allowing CBP to recalculate duty liability and issue refunds consistent with the CIT's directive.

### **What the Order Does Not Clearly Cover**

A key unresolved issue is whether refunds will be available for entries already liquidated and beyond the 180-day protest period (with no protest filed). Neither the CIT's order nor CBP's declarations address this definitively: the CIT's language limits relief to entries "for which liquidation is not final," CBP has not asserted authority to reopen final liquidations, and no mechanism has been identified to override statutory finality under 19 U.S.C. § 1514. Entries in this category remain in legal uncertainty, and there is no indication that CAPE will initially cover final liquidations; this issue may require further litigation or additional guidance.

### **CBP's March 6 Declaration: Operational Constraints and Proposed Approach**

CBP described the scale of the task as significant and explained that current systems cannot process IEEPA-related refunds at the required volume without substantial manual effort and potential disruption, given the difficulty of isolating IEEPA-related duties in entry data, performing mass updates, and calculating interest across such a large population of entries. CBP proposed new ACE functionality to: (1) allow importers to submit claims; (2) automatically recalculate duties excluding IEEPA-related tariffs; (3) trigger liquidation or reliquidation; and (4) aggregate refunds and issue payments electronically (with interest). This forms the basis for CAPE.

### **CBP's March 12 and March 19 Update: CAPE Development Progress**

As of March 19, CBP has declared that around 73% of the CAPE portal is complete, its development of the Review and Liquidation/Reliquidation component is 80% complete, and its development of the CAPE-specific refund processing functionality component within ACE is 63% complete. All components are undergoing testing, with no firm go-live date provided (earlier indications suggested potential operability within approximately 45 days from early March).

Key features include automated removal of IEEPA-related tariff Entry Summary lines, event history tracking for audit trails, validation logic to exclude certain entries (*e.g.*, those with suspended AD/CVD liquidation), and consolidated refunds by importer and liquidation date.

CBP has indicated that CAPE will be implemented in phases and will not initially cover certain categories of entries, including those subject to suspended antidumping or countervailing duty proceedings, entries that are currently under CBP review or otherwise in a final processing status, and certain special entry types (*e.g.*, drawback and warehouse entries).

Based on CBP's current system design, refunds are expected to be initiated through importer-submitted claims via the CAPE portal (*e.g.*, CSV uploads of entry data), rather than fully automatic processing. However, CBP has not yet issued formal guidance on claim requirements or whether any categories of refunds may be processed without affirmative submissions.

Importers will be required to file a declaration in ACE listing the entries on which IEEPA-related duties were paid. ACE will then run a series of validations on each entry in the declaration, automatically recalculate the duty owed without the IEEPA-related tariffs (with applicable interest), and, once CBP verifies the declaration, ACE will aggregate and certify the resulting refunds, which Treasury will issue electronically via ACH. Because CBP now issues all refunds electronically, any importer that has not completed the required set-up to receive ACH refunds will have those payments rejected until the electronic enrollment process is completed.

## **What Remains Unresolved**

Open issues include: (1) whether CBP can or will reopen final liquidations; (2) any legal basis to override statutory finality; and (3) the exact timing of CAPE deployment and specific claim submission requirements. These may be addressed through further CIT proceedings or formal CBP guidance.

## **Practical Next Steps for Importers**

Importers should:

- Identify and categorize entries: unliquidated; liquidated within 180 days; liquidated beyond 180 days (with/without protest).
- Prepare for CAPE by confirming ACE Portal access, completing enrollment to receive refunds by electronic funds transfer, coordinating with customs brokers, and organizing entry data now (including compiling entry numbers, supporting documentation, and CSV-ready lists), as proactive claims will be required.
- Monitor CBP guidance, CIT filings, and developments for deployment details, claim procedures, and any updates on final liquidations.

## **Key Takeaway**

CBP's recent declarations outline a developing, CAPE-based mechanism in ACE for processing IEEPA-related duty refunds through liquidation and reliquidation of covered entries. The availability of relief for entries already subject to final liquidation, however, remains unresolved and presents a material legal uncertainty. Importers should anticipate a phased, claims-driven process, focus on operational readiness (data, systems, and broker coordination), and consider parallel legal strategies where significant exposure involves time-barred entries. We will continue to monitor the litigation and CBP guidance and provide further updates as the framework is refined.

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