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CFO JOURNAL

The Companies Trading Away Tariff Refund Rights

Businesses including Academy Sports & Outdoors and the Children's Place have transferred claims to tariff refunds they might be due

By Jennifer Williams
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Academy Sports & Outdoors sold some of its tariff refund rights last year. ELI HARTMAN/ASSOCIATED PRESS

Quick Summary

- A growing number of businesses are considering selling their rights to potential tariff refunds.
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Faced with prolonged tariff uncertainty, Academy Sports & Outdoors chose to cash in.

The sporting goods chain last year sold its rights to tariff refunds, joining companies including the Children's Place and GoPro in trading away potential payouts for immediate cash, to manage debt or for other capital planning. Some offloaded their claims before the Supreme Court struck down global tariffs this year to escape the limbo of when or if any money would arrive. Others benefited from holding out: Price tags on certain refund claims have more than quadrupled since the ruling.

Now, as some payouts remain uncertain, a fresh wave of businesses is considering transferring their rights.

Interest in the deals surged after the court's ruling, with investment firms snapping up the claims on the gamble that they would ultimately recoup the investment, and then slowed as companies waited to see how efficient the payout process would be. But with refunds rolling out in phases, some businesses in need of cash are growing impatient, said Neil Seiden, managing director at business loan advisory firm Asset Enhancement Solutions.

"What we're seeing now is an increase in folks looking to sell the claims," he said, noting that inquiries have jumped at least 50% since early June.

Academy sold some of its refund rights early, before the high court's ruling. "In 2025, we made the decision to take risk off the table by monetizing potential refunds on [certain] tariffs should they materialize," Finance Chief Carl Ford said. "I think of it as a hedging strategy."

The retailer netted $10.5 million from the deal while keeping the rights to pursue its remaining tariff claims. While Academy hasn't disclosed the buyer or the total potential value of its unsold claims, it has already factored the cash and future possible recoveries into its full-year outlook. In June, the company held its gross margin guidance for its fiscal year steady at 34.5% to 35%.

Analysts don't see Academy's deal as a sign of weakness. The company, with free cash flow up more than 14% year-over-year for the quarter ended May 2, doesn't need cash, said Jeff Lick, a managing director at Stephens. Instead, he said, it was a reaction to the refund-related unknowns at the time.

GoPro similarly reached a deal ahead of the ruling, offloading roughly $19.4 million in potential tariff claims in mid-February. The transfer came with broader changes to an existing credit agreement, including revising minimum liquidity requirements and removing certain financial metric minimums, according to the company's latest quarterly filing. As of late March, according to the filing, the wearable camera maker valued the refund claims at $14.6 million.

Before the Supreme Court's decision, selling refund rights often meant taking a massive haircut. After, valuations of those claims ballooned to between 80 and 90 cents on the dollar, even higher for some companies, up from roughly 20 cents, said Gregory Husisian, a partner at law firm Foley & Lardner.

With rates remaining high and companies still waiting for government payouts, the appeal of selling refund rights has returned for some.

Government payouts are coming in waves, with the first limited to certain imports that aren't considered final or have been finalized within the past 80 days. Most imports are eligible for refunds during this phase. For others, such as certain businesses with older imports or companies importing low-cost goods that used to enter the U.S. duty-free, the timing of any payouts remains unknown. Selling off rights is increasingly attractive for those companies, according to Husisian.

"There is still a major category of refunds where both the timing and whether you will get it is uncertain," he said. "If you're getting something pretty close to a full recovery and you're getting it quicker, that combination might be enough."

Seiden, who brokers these deals, is hearing from companies in phases that lack certainty on the timing of any payments, groups that he said represent billions of dollars. Businesses in the first phase of payouts are inquiring, too, if they are still waiting and need cash, he said.

In March, the Children's Place sold $38.2 million of its expected tariff refunds to Alnus Investors at around 67 cents on the dollar, yielding $25.7

The Children's Place sold $38.2 million of its expected tariff refunds. MARK KAUZLARICH/ BLOOMBERG NEWS

million, regulatory filings show. The kids' apparel retailer also received $5.5 million in refunds, according to a June disclosure.

The company opted for cash upfront as it grappled with slumping sales, executives said last month. During the quarter ended May 2, net sales fell more than 11% compared with a year earlier, to $215 million, while the company's net loss widened by roughly 56%.

Meanwhile, Sleep Number in April updated an existing credit agreement, in part preserving the right to sell tariff payouts in the future, according to an SEC filing. The mattress maker filed for bankruptcy last month, reaching a deal to be acquired by Sleep Country Canada for nearly $702 million, around $530 million of which is in cash.

Hindsight

Executives are negotiating these deals in a regularly changing environment with several unknowns, corporate advisers said. When Husisian saw pre-court-ruling offers of around 20 cents on the dollar, the lawyer thought the rate was too low. Those early deals look even less favorable now that companies are seeing substantial government payouts, in some cases in the nine-figure range.

But at the time, there was a possibility the high court would leave the tariffs intact, a gamble refund buyers had to price in, according to Husisian. Now, for the claims stuck in limbo, a similar calculus is playing out.

"Everybody would rather get 100 cents on the dollar," he said. "So they're saying, 'What are the chances that I'll be able to get 100 cents on the dollar in a reasonably close period of time?'"

Jennifer Williams is a reporter on the WSJ Leadership Institute's CFO Journal team. Based in New York, she writes about auditing, pensions and corporate finance and governance. Before joining the Journal, she covered public company boards at Agenda, a Financial Times publication. She was...

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