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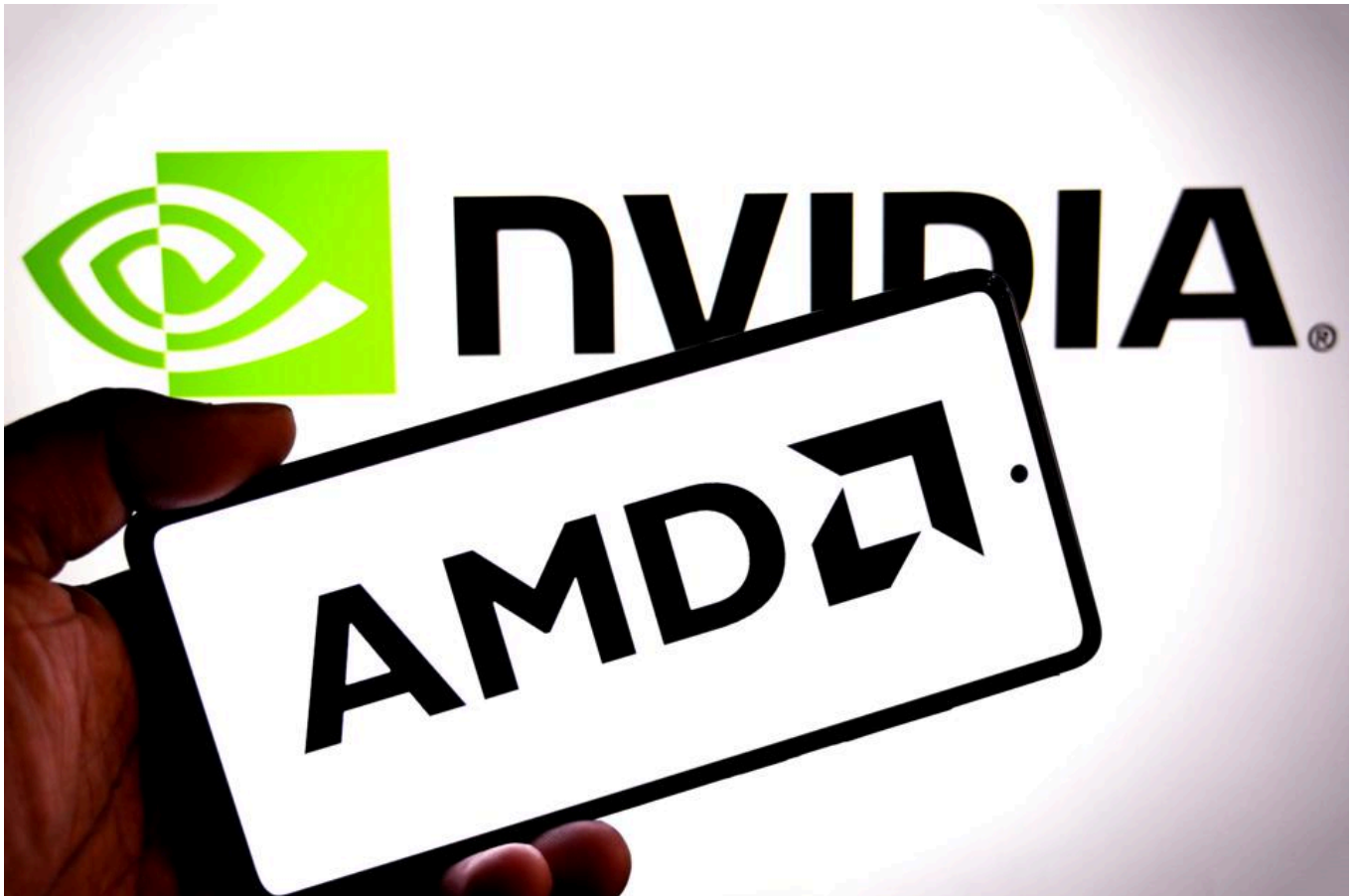
A Look At Nvidia And AMD's \$3 Billion Export "Tax" Deal With Trump

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activities. This novel type of revenue collection is not a tax, as commonly defined. However, it does appear to be a form of an export tax, and its framework presents a potential new opportunity for the Trump administration to raise additional revenues that it would otherwise not have previously collected. This article discusses the basics surrounding this novel new export trade deal for Nvidia and AMD with Trump and the direct and indirect consequences of such a deal for the two companies and beyond.

Nvidia And AMD's Market Dominance

Nvidia and AMD are currently two of the largest companies in the world, ranking 31st and 167th on the Fortune 500 list, respectively. Importantly, they are among the world's largest manufacturers of computer chips, which have become increasingly important and valuable as these products now appear in numerous devices, from obvious items like computers and smartphones to less obvious items like vehicles and appliances.

Furthermore, the use of proprietary technology has become an even more strategic asset as the world has entered the artificial intelligence boom, which relies heavily on advanced processing chips.

Nvidia and AMD are among the two most significant manufacturers of these chips, which help enable the use of advanced computing. This technology achievement has been accomplished by securing a significant market share of the Graphics Processing Unit market and playing a pivotal role in enhancing processing power to advance and adapt to artificial intelligence, according to [TechSpot](#).

While this technology is valuable, the U.S. limits companies' ability to sell these products to those outside the U.S., most notably, China. Although there are chip manufacturers outside the U.S., the quality of their products may not be the same, creating a natural demand for companies like Nvidia and AMD to expand their sales into these other countries.

Trump's Landmark Export Trade Deal With Nvidia And AMD

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[Yahoo!Finance](#) reports that the prior ban cost the company billions in lost revenue, and the new deal will result in as much as \$3 billion in incremental collections to the U.S. government.

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Billionaire Mark Cuban reacted to this agreement on [X](#) with the following statement:

Every Dem should be thanking @potus for doing what the Dems have dreamed of doing, but have NEVER been able to do, creating a sales tax on 2 of the biggest semi companies in the country! This opens the door for Sales Tax for export licenses on EVERYTHING!

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He is going to generate corporate tax revenue that you guys only wish you could pass. You should be thanking him all day, every day for this brilliant move you guys couldn't ever pull off !

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*In the future, don't call it a tax, call it a Commission for America.
BOOM!*

This social media post comes as high praise to many, as Cuban has been a known and public skeptic of Trump, and Cuban calls out the vast majority of his strongest adversaries in congratulating the President on this unique trade agreement.

While companies often face import and export fees, taxes, and tariffs when moving products across borders, this type of collection is unique in that technology companies have often been better equipped to utilize their intangible assets, enabling them to engage in profit shifting and cost-sharing agreements. As Cuban has exclaimed, the U.S. Government has long sought to tax many of these companies based on their income. However, this new export sales tax might revolutionize the nature and extent to which these companies pay their fair share of money to the U.S.

The Consequences Of Nvidia And AMD's Export Trade Deal

While the agreement appears to be great news for many key participants, the stock prices of Nvidia and AMD both struggled following the news, according to [Forbes](#). Part of the reason for the mixed reaction is that the 15% collection of revenues for these chips is high, and the tax incidence will potentially fall onto Chinese customers, meaning they will be paying substantially more for the same chips they bought earlier this year. Furthermore, as reported by [CNN](#), it is unclear whether China will even want these chips, as they are not as advanced as the technology that Nvidia and AMD currently produce.

However, the broader consequences of this deal are that it creates a framework for the

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quantities of weapons to allied countries. Like chips and semiconductors, the U.S. government closely monitors and potentially restricts the types and amounts of weapons sold to each country. Thus, given the new framework provided by Nvidia, AMD, and the Trump administration, these defense manufacturers can potentially now determine whether and to what extent they can expand their foreign sales, while also providing some incremental financial benefits to the U.S. government.

Before more companies can negotiate such a deal, the Trump administration will need to defend the legality of Nvidia and AMD's deal, as lawmakers from both sides of the aisle question whether this export tax can be allowed, according to *Politico*. Despite some of the pessimism and the possibility of legal challenges, the deal reflects ingenuity and thinking outside the box, and, should it be an actual win-win situation, many other companies will potentially line up to strike a similar deal with Trump.

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