



Flywheel Energy Owner Relations:

Website: www.flywheelenergy.com/owner

Email: ownerrelations@flywheelenergy.com

Voicemail: (833) 604-8136

1099 FAQ

General Information

1099s will be mailed to the address on file no later than January 31st. The postal service will not forward tax documents to a new address; if the tax form is returned to Flywheel and has a yellow USPS forwarding label on the envelope, we will attempt to re-send to the forwarding address provided. If you have recently moved, please make sure to notify the postal service of your new address so we can attempt to reach you. Due to an influx of owner inquiries, we will not be returning calls or emails requesting duplicate mailed 1099 forms as they are available for download on your EnergyLink account. You may receive multiple 1099's due to new IRS regulations. The 1099-MISC is designated for royalty and rental owners and the 1099-NEC is designated for working interest owners.

We are required by the IRS to report the gross amount on your 1099-MISC and 1099-NEC. The amount you received is net any taxes and deductions. All supplemental information will be printed on top of the 1099 form. You also have access to this information in your monthly revenue statements on your EnergyLink account. **For login assistance with your online account, please contact help@energylink.com or call (888) 573-3364.**

Why do my deposits differ from my 1099-MISC or 1099-NEC?

We are required by the IRS to report the **gross amount** on your 1099-MISC and 1099-NEC. All the information to get the net (check) amount is provided from your revenue statements and available online at EnergyLink <https://www.energylink.com/Public/Signup.aspx>.

If you have not registered with EnergyLink, please login to your historical Oildex account and follow the prompts to register with EnergyLink <https://secure.oildexdx.com/flywheel/login.asp>. **For support, contact help@energylink.com or call (888) 573-3364**

I need supplemental detail showing taxes and deductions

This information is located at the top of your 1099-MISC &/or 1099-NEC form that you received in the mail. The supplemental breakdown information is also available to you on your EnergyLink account. If you have not registered with EnergyLink, please login to your historical Oildex account and follow the prompts to register with EnergyLink <https://secure.oildexdx.com/flywheel/login.asp>. **For support, contact help@energylink.com or call (888) 573-3364.**

What is the 1099-NEC?

The IRS has required some payments be removed from the 1099-MISC and reported on a 1099-NEC. Payments for services and working interest payments are now reported on the 1099-NEC.

What are my 1099-NEC Deductions?

Mailed 1099-NEC Form: Deductions listed on your mailed 1099-NEC form is a combination of any standard post production costs such as gathering, treating, compression as well as any revenues that were netted against outstanding Joint Interest Billing invoices.

Energy Link 1099-NEC Supplemental Data: When reviewing your detail online, the expenses are represented in a 'deduct' column and 'JIB Netting' column which will tie back and equal the total deductions represented on the mailed NEC form.

Why did I receive 2 forms: 1099-MISC & 1099-NEC?

If you received both royalty and working interest payments these are now reported on separate forms. Also, if you received royalty payments and provided services to Flywheel, these will be on different forms.

I received very few royalty payments, so will I receive a 1099?

The minimum amounts for 1099s to be automatically issued are:

Box 1 (Rents) – \$600

Box 2 (Royalties) – \$10

Box 7 (NonEmployee Compensation or Working Interest Before Deductions) – \$600

1099s for less than the minimum amounts stated above can be requested at (833) 604-8136.

Why is my NET royalty payment more than my GROSS amount?

The net amount can sometimes be more than the GROSS amount due to reimbursement of Severance Tax or other adjustments.

The NET does not equal what I received. How do I get the details?

If the Net Amount does not equal the royalty checks you received, please review your 1099 details by accessing your online account via EnergyLink <https://www.energylink.com/Public/Signup.aspx>.

If you have not registered with EnergyLink, please login to your historical Oildex account and follow the prompts to register with EnergyLink <https://secure.oildexdx.com/flywheel/login.asp>.

For support, contact help@energylink.com or call (888) 573-3364

What are Production Taxes &/or Deductions?

Production taxes are a state tax (but not income tax) that we are required to withhold for any product that is produced from the ground.

Deductions include your share of expenses incurred to make the products marketable, cost to transport to market, and your share of the state severance taxes assessed on production. Flywheel Energy is not able to provide any tax advice and encourages all owners to seek proper tax assistance in preparing their tax returns.

Why doesn't Flywheel Energy mail 1099s for Corporate Entities?

The IRS does not require Flywheel to issue a 1099 for corporations. However, 1099s can be requested at (833) 604-8136 or email at ownerrelations@flywheelenergy.com

My address has changed and I did not receive my 1099. How do I request a new one?

If you have recently changed addresses, please be sure to put in a change of address with the postal service to ensure delivery. All 1099 information is available for download on your EnergyLink account. If you have not registered with EnergyLink, please login to your historical Oildex account and follow the prompts to register with EnergyLink <https://secure.oildexdx.com/flywheel/login.asp>. For support, contact help@energylink.com or call (888) 573-3364.

I received my December royalty check in January. Why is it on my 1099?

The IRS uses the "Constructive Receipt" doctrine. Because the December royalty check was issued in December, the amount is appropriately included on the 1099 even if you received the check in January.

Some of the checks were voided, but the amount is still reported on my 1099

The year of issue is the relevant date. If the check is voided and reissued in a different year, the Constructive Receipt doctrine applies meaning that the money is reportable in the year of original issue. The amount will not be included on another 1099 in the year of re-issue.

I had an expired royalty check in the previous year that was reissued in the current year. I have already reported that amount in the original year it was issued. How do I ensure that amount will not be reported again in the current year?

We make every effort to exclude these amounts from your current year 1099. In the event that you think we have made an error, please contact us at (833) 604-8136 or email us at ownerrelations@flywheelenergy.com

Can you withhold federal taxes from my checks?

Flywheel Energy does not withhold federal taxes unless backup withholding is required by statute. Please consult with a tax advisor concerning the payment of estimated taxes.

Can I update the tax ID shown on the 1099-MISC or 1099-NEC?

We paid the income under the tax ID reported so we cannot update the associated form. If you provide the information at this time, we will update your account and pay under the new tax ID moving forward. Please submit a new W-9 form to update this information.

****We have provided examples of the 1099 forms on the following pages. These are examples only and the information provided is not account specific. Please do not use the attached example forms to file your taxes.**

EXAMPLE ONLY

Phone No.: (833) 604-8136

Federal ID: 83-1577378

OMB No.: 1545-0115

2023 CONSOLIDATED FORM 1099-MISC Copy B For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

ABC Company
Attn: Joe Smith
123 Main Street
Oklahoma City, OK 73102

Owner ID: [REDACTED]

Taxpayer ID: [REDACTED]

Tax State	Payment Source	Gross	Taxes	Expenses	Fed Backup Withholding	Net
AR	TEST_MI	\$5,000.00			\$1,200.00	\$3,800.00
Totals		\$5,000.00			\$1,200.00	\$3,800.00

1099-MISC FORM TOTALS

Box 1:		Rents	Box 10:		Crop insurance proce
Box 2:	\$5,000.00	Royalties	Box 13:		Excess golden parac
Box 3:		Other Income	Box 14:		Gross proceeds to att
Box 4:	\$1,200.00	Federal income tax withheld	Box 15a:		Section 409A deferra
Box 5:		Medical and health care paym	Box 15b:		Section 409A income
Box 6:		Fishing boat proceeds	Box 16:		State tax withheld
Box 7:		Non employee compensation	Box 18:	\$5,000.00	State income
Box 8:		Subst. payments in lieu of div.			

Instructions for Recipient - 1099-MISC

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the payer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its account reporting requirement under chapter 4 of the Internal Revenue Code. You may also have a filing requirement. See the Instructions for Form 8938.

Amounts shown may be subject to self-employment (SE) tax. Individuals should see the Instructions for Schedule SE (Form 1040). Corporations, fiduciaries, or partnerships must report the amounts on the appropriate line of their tax returns.

Form 1099-MISC incorrect? If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your information correctly.

Box 1. Report rents from real estate on Schedule E (Form 1040). However, report rents on Schedule C (Form 1040) if you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business. See Pub. 527.

Box 2. Report royalties from oil, gas, or mineral properties; copyrights; and patents on Schedule E (Form 1040). However, report payments for a working interest as explained in the Schedule E (Form 1040) instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

Box 3. Generally, report this amount on the "Other income" line of Schedule 1 (Form 1040) and identify the payment. The amount shown may be payments received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income. See Pub. 525. If it is trade or business income, report this amount on Schedule C or F (Form 1040).

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold if you did not furnish your TIN. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

Box 5. Shows the amount paid to a fishing boat crew member who is considered by the operator to be self-employed. Self-employed individuals must report this amount on Schedule C (Form 1040). See Pub. 334.

Box 6. For individuals, report on Schedule C (Form 1040).

Box 7. If checked, consumer products totaling \$5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or other basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the "Other income" line of Schedule 1 (Form 1040).

Box 9. Report this amount on Schedule F (Form 1040).

Box 10. Shows gross proceeds paid to an attorney in connection with legal services. Report only the taxable part as income on your return.

Box 11. Shows the amount paid for the purchase of fish for resale from any person engaged in the trade or business of catching fish. See the instructions for your tax return for reporting this income.

Box 12. May show current year deferrals as a nonemployee under a nonqualified deferred compensation (NQDC) plan that is subject to the requirements of section 409A plus any earnings on current and prior year deferrals.

Box 13. Shows your total compensation of excess golden parachute payments subject to a 20% excise tax. See your tax return instructions for where to report.

Box 14. Shows income as a nonemployee under an NQDC plan that does not meet the requirements of section 409A. Any amount included in box 12 that is currently taxable is also included in this box. Report this amount as income on your tax return. This income is also subject to a substantial additional tax to be reported on Form 1040, 1040-SR, or 1040-NR. See the instructions for your tax return.

Boxes 15-17. Show state or local income tax withheld from the payments.

Future developments. For the latest information about developments related to Form 1099-MISC and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099MISC.

Free File. Go to www.irs.gov/FreeFile to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

EXAMPLE ONLY

ABC Company
 Attn: Joe Smith
 123 Main Street
 Oklahoma City, OK 73102

Consolidated Form 1099-NEC**Copy B****For Recipient**

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income taxable and the IRS determines that it has not been reported.

Account Number:

Taxpayer ID [REDACTED]

Box 1:	\$5,000.00 Nonemployee compensation	Box 5:	State tax withheld
Box 4:	\$1,200.00 Federal income tax withheld	Box 7:	\$5,000.00 State income
Gross:	\$5,000.00		
Deductions:	\$1,500.00		
Net Check Amt:	\$100.00		

Instructions for Recipient - 1099-NEC

You received this form instead of Form W-2 because the payer did not consider you an employee and did not withhold income tax or social security and Medicare tax.

If you believe you are an employee and cannot get the payer to correct this form, report this amount on the line for "Wages, salaries, tips, etc." of Form 1040, 1040-SR, or 1040-NR. You must also complete Form 8919 and attach it to your return. For more information, see Pub. 1779, Independent Contractor or Employee.

If you are not an employee but the amount in this box is not selfemployment (SE) income (for example, it is income from a sporadic activity or a hobby), report this amount on the "Other income" line (on Schedule 1 (Form 1040)).

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)). However, the issuer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows nonemployee compensation. If the amount in this box is SE income, report it on Schedule C or F (Form 1040) if a sole proprietor, or on Form 1065 and Schedule K-1 (Form 1065) if a partnership, and the recipient/partner completes Schedule SE (Form 1040).

Note: If you are receiving payments on which no income, social security, and Medicare taxes are withheld, you should make estimated tax payments. See Form 1040-ES (or Form 1040-ES (NR)). Individuals must report these amounts as explained in these box 1 instructions. Corporations, fiduciaries, and partnerships must report these amounts on the appropriate line of their tax returns.

Box 2. If checked, consumer products totaling \$5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or on her basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 3. Reserved for future use.

Box 4. Shows backup withholding. A payer must backup withhold on certain payments if you did not give your TIN to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Boxes 5-7. State income tax withheld reporting boxes.

Future developments. For the latest information about developments related to Form 1099-NEC and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099NEC.

Free File. Go to www.irs.gov/FreeFile to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.