



Flywheel Energy Owner Relations:

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2020 1099 FAQ

General Information

2020 1099s were mailed 1/28/21. 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 in 2020 is net any taxes and deductions. A supplemental breakdown of the taxes and deductions will be made available on EnergyLink. You also have access to this information in your monthly 2020 revenue statements. **For login assistance with your online account, please contact help@energylink.com or call (888) 573-3364.**

If you would like a mailed copy, please email ownerrelations@flywheelenergy.com or call (833) 604-8137 to request a year-end summary.

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

A supplemental breakdown for your tax purposes will be made available EnergyLink. 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.**

If you would like a mailed copy, please email ownerrelations@flywheelenergy.com to request a mailed year-end summary.

What is the 1099-NEC?

Starting with payments made in 2020 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.

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

If you received both royalty and working interest payments in 2020 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

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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?

1099s can be requested at ownerrelations@flywheelenergy.com or by calling (833) 604-8136. Please have your owner number ready, and you will be asked to verify your address and social security number. Once you return the change of address form, a new 1099 will be sent to your new address.

I received my December royalty check in January. Why is it on my 2020 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. Any payments issued with a date of 2020 will be included on your 2020 1099.

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 2020 1099-MISC or 1099-NEC?

We paid the income under the tax ID reported for 2020 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.