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**Why were federal taxes withheld from my payment?**

All payees are required to provide a Social Security/Tax Identification number to CRC or the payee will be subject to tax withholding under applicable Internal Revenue Service regulations. For further information on federal tax withholding, please contact the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com.

**Why were state taxes withheld from my payment?**

California tax law provides that payments for certain California sourced income, made to non-California resident payees, are subject to a 7% withholding tax. This includes payments to non-California resident payees for “rents” and “royalties” on natural resources from properties located in California. Pursuant to such laws, CRC will withhold 7% withholding tax from each payment unless you provide the appropriate California Franchise Tax Board form.

- California residents (individuals or businesses that have a permanent place of business, including P.O. Boxes) are exempt from withholding, but are required to complete Form 590 to certify they are a California resident.
- California non-residents are generally subject to California withholding and should complete Form 587. Form 587 is used to determine, if withholding is required on a payment to a non-resident, the amount of income sourced to California (as indicated in Part IV).
- A Non-resident Withholding Waiver Request, California Form 588, is used to request a waiver on withholding payments of California source income to non-resident payees. Once the waiver has been accepted by the State, an approval will be mailed out which will need to be received by CRC.

Please contact your tax advisor to assist in determining the appropriate California Franchise Tax Board form for your situation. For further information on state tax withholding, please contact the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com.

**Why were foreign taxes withheld from my payment?**

Rental income from real property located in the United States and the gain from its sale will always be U.S. source income subject to tax in the United States regardless of the foreign investor's personal tax status and regardless of whether the United States has an income treaty with the foreign investor's home country.

The method by which rental income will be taxed depends on whether or not the foreign person who owns the property is considered "engaged in a U.S. trade or business."
Ownership of real property is not considered a U.S. trade or business if it consists of merely passive activity such as a net lease in which the lessee pays rent, as well as all taxes, operating expenses, repairs, and interest in principal on existing mortgages and insurance in connection with the property. Such passive rental income is subject to a flat 30 percent withholding tax (unless reduced by an applicable income tax treaty) applied to the gross income rather than the "net rent" received. Thus, the real estate taxes, operating expenses, ground rent, repairs, interest and principal on any existing mortgages, and insurance premiums paid by the lessee on behalf of the foreign owner-lessee, must be included in gross income subject to the 30 percent withholding tax. The gross income and withheld taxes must be reported on Form 1042-S, Foreign Persons U.S. Source Income Subject to Withholding to the IRS and the payee by March 15 of the following calendar year. The payor must also submit Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, by March 15.

Please contact your tax advisor to assist in determining the appropriate United States Tax form for your situation. For further information on state tax withholding, please contact the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com.

**What are Ad Valorem taxes?**

Ad Valorem taxes are County level taxes (like property taxes on mineral rights) that are imposed once the minerals are producing and are collected once per year. CRC applies a portion of the Ad Valorem tax to the Owner’s account twice per year. If you have any additional questions regarding Ad Valorem taxes, please contact the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com.

**What are Production Severance Taxes?**

A statewide assessment tax by State of California on oil and gas produced in California. This assessment goes to support the Department of Conservation’s Division of Oil, Gas, and Geothermal Resources (DOGGR), and is levied pursuant to Article 7, Division 3, of the Public Resources Code. DOGGR oversees the drilling, operation, maintenance, and plugging and abandonment of oil, natural gas, and geothermal wells. The regulatory program emphasizes the wise development of oil, natural gas, and geothermal resources in the State through sound engineering practices that protect the environment, prevent pollution, and ensure public safety. If you have any additional questions regarding Production Severance Taxes, please contact the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com.
When should I expect to receive my 1099?

CRC will mail out the Form 1099 by January 31st of each year. Royalty Owners can also obtain their Form 1099 through the [crcroyalty.com](http://crcroyalty.com) website. IRS regulations do not require CRC to furnish this information for non-resident aliens, non-profit organizations, incorporated entities, royalty/working interest owners who have annual payments of less than $10, or for owners receiving annual rents of less than $600. For information regarding Form 1099, please contact the CRC hotline, 1-855-272-5519 Option 1 or email [crc@ownerrelationssupport.com](mailto:crc@ownerrelationssupport.com).

When are 1099 forms submitted to the IRS by CRC?

CRC submits the 1099 forms to the IRS on or before March 31st.

How are amounts reported on the 1099 determined?

Amounts reported on the 1099 forms include all gross revenue listed on the checks issued to owners during the prior calendar year. Other owner information reflected on the 1099 form (owner name, SSN, address, etc.) is based on the information known to CRC at the time the 1099 forms are generated. Checks issued and subsequently voided during the same year will not be counted.

Whom should I contact if the amount on the Form 1099 does not agree with my records or if other information is not accurate?

Please contact the CRC hotline with your inquiry at 1-855-272-5519 Option 1 or email [crc@ownerrelationssupport.com](mailto:crc@ownerrelationssupport.com).

How are missing and/or voided checks handled on the Form 1099 from prior years?

The IRS requires that all payments made in the calendar year be included on the Form 1099. Forms will not be restated due to missing and voided checks, which were voided and reissued in subsequent year(s) based on owners’ requests. Forms 1099 that have been sent out and submitted for prior calendar years will not be restated and resubmitted to the IRS unless restatements relate to a CRC internal error.
How are ownership changes handled on the Form 1099?

Ownership changes communicated to CRC will be made prospectively and any Forms 1099 already submitted to the IRS will not be restated. However, if ownership changes were communicated to CRC during the Adjustment Period (February 1 – March 31) and checks were not cashed, CRC may void and reissue checks to the correct owners and restate the Form 1099, if time permits prior to the deadline for submitting the Form 1099 to the IRS, based on the number of late requests received.

Why am I receiving a 1099 if I no longer own the property?

You are receiving a 1099 because one or more payments were issued to you within the calendar year in question on the 1099. If you have not cashed any checks or acquired any direct deposits within the calendar year in question, then please contact CRC immediately at the CRC hotline, 1-855-272-5519 Option 1 or email crc@ownerrelationssupport.com so CRC can void the outstanding payments and restate the Form 1099. Changes will only be made if they are communicated to CRC within the Adjustment Period (February 1 – March 31) and if time permits.

Do I have to use the amount reported on the Form 1099 when I prepare my tax return?

The 1099 form reflects information on file with CRC at the time the form was prepared. If ownership and/or other changes were not communicated to CRC, you may have to make adjustments on your tax return to report accurate information. Please consult with your tax advisor.

Why am I receiving a 1099-NEC?

If you are a Working Interest Owner, you will receive a 1099-NEC. Earnings for Gross Working Interest Revenue Proceeds (Box 1: Non-employee Compensation) are reported on a 1099-NEC form.

Can I get my federal taxes deducted from my payment(s)?

We cannot deduct your Federal Backup Withholding from your monthly payment(s).

Can CRC advise on my tax questions?

CRC cannot provide tax advice, but it is recommended for you to seek the advice of a tax professional who has experience with oil, gas and minerals in the area or county in which your interests are located.