EnergyFunders

EnergyFunders and the Tax Benefits of Oil and Gas Investing

Lower your taxes and boost returns with an oil and gas investment.

Tax Breaks of the Wealthy Now Available to Everyone

Lower Your Taxes and Boost Investment Returns with EnergyFunders

It’s no secret that some of America’s wealthiest citizens enjoy lower tax rates than the middle class. Have you ever wondered how Warren Buffett – worth over $100 billion - pays a lower tax rate than his secretary?

The answer can be found in the U.S. tax code.

Certain types of investment income qualify for incredible tax benefits.

Direct energy investing in particular offers some of the most lucrative tax advantages in the entire U.S. tax code. An oil and gas investment with EnergyFunders can help you take advantage of this tax benefit.

For example, in certain cases, a $100,000 investment into oil and gas wells can reduce your taxable income by up to $95,000. For individuals in high-tax brackets, that could translate into over $33,000 in immediate, upfront tax savings – just for making the investment.

Plus, the tax code provides additional incentives on the future income you earn as the oil well begins producing oil and gas. Wealthy investors have used oil and gas investments to slash their tax bills and boost their investment returns for decades. Unfortunately, most Americans have historically been excluded from this opportunity. Let me explain…

You see, oil and gas wells are multi-million-dollar projects. The big operators raise money from the public markets, or institutional-level private capital. Meanwhile, most small private operators aren’t set up to raise capital from hundreds of small investors. That’s why these lucrative tax breaks were typically limited to wealthy investors willing to put millions of dollars to work.

But today, that’s all changing…

The revolutionary EnergyFunders digital platform now provides online access to high-quality oil and gas investments with as little as $50,000. Our team of veteran geologists, reservoir engineers and technology experts triple-vets each project.

We then combine a collection of highly vetted assets into a single Fund. The end result: diversified access to low-risk, proven energy investments and lucrative tax breaks to shield your income.

TAKE ADVANTAGE OF THREE KEY POTENTIAL TAX BENEFITS BY INVESTING WITH ENERGYFUNDERS

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Before showing you how this works, let me first explain why this opportunity exists...

Why the Government Created Oil and Gas Tax Breaks

If you lived through the 1970s, you probably remember the OPEC "oil shock." When the OPEC cartel cut off the flow of oil into the U.S., the economy ground to a halt. Gasoline shortages caused mile-long lines at the gas pump, spiking consumer prices and a devastating stagflationary recession (high inflation and high unemployment).

In the wake of this oil crisis, the U.S. government made domestic energy production a national strategic priority. This included creating a series of special tax incentives, aimed at boosting domestic oil and gas investment.

The three key tax benefits included:

1. Intangible Drilling Costs roughly 75 - 80% of the well cost, which includes things you can't reuse (labor and drilling rig rental costs). You can deduct 100% of these expenses in the year in which they are incurred.

2. Tangible Drilling Costs roughly 10 - 15% of the well cost, which covers things you can recover or resell after drilling (storage tanks, wellheads, and on surface equipment). These are items that have been historically depreciated over the production life of the well. Thanks to a new 2018 law in effect until 2023, you can now deduct 100% of tangible costs in the first year.

3. Depletion Allowance this incentive allows you to deduct 15% of the annual income from your oil or gas well once production comes online. This reflects the fact that oil and gas wells produce less volume with each passing year.

So to summarize...

Not only can you earn substantial upfront tax savings by deducting up to 100% of the cost of drilling and equipping oil and gas wells in year one, but you also earn tax breaks on the future income produced for the life of the wells.

*Please note that these expense ranges are general estimates, not promises or guarantees of any kind. The actual expenses could fall outside of these estimates.

Let's see how this works in an example...

A Real-World Example of Oil and Gas Tax Savings

Let's say John - a married investment professional with one child - makes $500,000 per year. That puts him in the 35% tax bracket. If John invests $100,000 into a direct oil and gas investment as an unlimited liability investor, he can immediately generate over $33,000 in upfront savings on his current year tax bill – just for making the investment.

Here are the specific deductions John will capture in year one...

First, John receives tax deductions for the estimated 80% of intangible drilling costs of the oil and gas wells. Plus, thanks to the special law in place until 2023, John also writes off the estimated 15% of the tangible drilling costs. Assuming another 5% in non-deductible miscellaneous costs, John will earn a total tax deduction equal to 95% of his invested dollars into oil and gas wells.

That means John can earn a $95,000 reduction in his taxable income in year one of his

Estimated Tax Savings from Direct Oil and Gas Investment

Direct oil and gas investment	$100,000
Tax rate	35%
Percent of investment as IDCs, TDCs	95%
Net cost of $100K investment	$66,750
Tax savings in year one, due to investment	$33,250

The bottom row reveals the key takeaway...
Disclaimer: Hypothetical example for illustrative purposes only. We are not tax experts nor are we licensed to give tax advice. Please refer to your tax professional for specific tax guidance related to your personal situation.
*Please note that these expense ranges are general estimates, not promises or guarantees of any kind. The actual expenses could fall outside of these estimates.

John earns over $33,000 in year one tax savings from a $100,000 investment.

So far, we've only discussed the upfront tax savings John enjoys in year one. Going forward, John will also enjoy the 15% "Depletion Allowance". This key benefit lets John deduct 15% of the gross income from his oil and gas wells. So, for every $10,000 in gross oil and gas income John earns, he'll only owe taxes on $8,500.

The best part? The Depletion Allowance never expires, even if John no longer has any tax basis – he can continue harvesting this lucrative tax benefit each year in perpetuity.

Add it all up, and you can see why wealthy individuals have used direct oil and gas investments to shield their taxable income for decades.

But the truth is, these potential tax savings reflect only a small part of the value from an EnergyFunders investment. After all, what good are tax savings if the investment itself doesn't perform?

EnergyFunders Team of Experts Bring You the Highest-Quality Investments

The EnergyFunders platform brings you access to high-quality, private market deals you won't find anywhere else. We connect you with a team of professional geologists and engineers, with long track records of successful project development. This includes our CEO Laura Pommer, who previously founded and served as CEO and chief geologist of private equity backed oil and gas company.

Our energy experts perform technical reviews of both the geological and engineering aspects of each project, plus boots on the ground due diligence. We lean on a network of industry veterans for screening and selecting only the highest-quality partners for each project.

Here's what some of our investors are saying about their experience with EnergyFunders:

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I had not previously invested in Oil & Gas projects but was particularly impressed with this company and the way they have simplified Oil & Gas investing and made it more accessible and practical to incorporate into a broader portfolio. I have been investing with them for several years now and am so glad I found them.

Carl K., Long-time Investor

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A direct investment in oil and gas assets, made possible through EnergyFunders, has created an effective means to diversify our portfolio. Having their team in place to help qualify and vet small/mid-sized O&G operators truly helped streamline the due diligence process.

Brian G., Long-time Investor

Interested in joining this revolution in oil and gas investing?

CLICK HERE to sign up today!

Additional information on Active vs Passive energy investing:
Please note that EnergyFunders' investment opportunities are currently available only to accredited investors. In addition, the above example is for illustrative purposes only. Actual deduction opportunities may differ significantly. This example also applies specifically to an individual who is entitled to make deductions against his active income as a result of having assumed personal liability for the debts and obligations of the Company. Investors who have not assumed such liability may only be eligible for deductions against passive income. Please consult your own tax advisor regarding your personal situation prior to investing.

Investing in EnergyFunders Yield Fund I GP LLC:
• You may be able to deduct your energy investments against regular income, which is salary/wages.
• You will have unlimited liability by being in this fund. (The fund carries a commercial general liability insurance policy. Plus, the operators we partner with typically carry their own insurance on each project as well.)
• May require a higher minimum investment amount ($50,000 minimum for our Yield Fund I, for example)

Investing in EnergyFunders Yield Fund I LP LLC:
• You may be able to deduct your energy investments against only passive income, which includes capital gains and dividends, for instance.
• You will have limited liability by being in this fund.
• May require a lower minimum investment amount ($5,000 minimum for our Yield Fund I, for example)

CONTACT US with additional questions about investing in our energy funds. Consult with your tax advisor to determine which types of energy investments are appropriate for you.

Important Disclosure: Energy Investing and private offerings are inherently risky, may lose value, are not insured, are not guaranteed, and are intended for investors who are familiar with and willing to accept the risks associated with private investments, including the loss their entire investment. The securities are not publicly traded, subject to certain restrictions, and are intended for investors who do not have a need for a liquid investment. See investment documentation for more information and important disclosures. Only investment and amount of money you can afford to lose. Neither the Securities and Exchange Commission nor any federal or state securities commission or regulatory authority has recommended or approved any investment or the accuracy or completeness of any of the information or material provided by or through the website.

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