Research Question

Ace Petroleum has operated a gas station at the corner of a busy intersection for many years in Northridge, California. Due to local competition, Ace has put the gas station up for sale. Recently, a major retailer made an offer to purchase the land for the purpose of razing the gas station and building a store. In order to prepare the property for sale, Ace removed the underground gasoline storage tanks. Upon removal, it was discovered that there had been leakage, and Ace will be required to clean up the contaminated soil in 2018. The total **environmental contamination treatment** costs (which include the removal of the storage tanks) will be $750,000. The sales price for the property will be increased to enable Acme to recover the $750,000. Should this cost be capitalized or expensed in 2018 by Ace?

Required: Submit only one paragraph containing your recommendation (no cover sheet, reference sheet, or excerpts). Include any in-text citations.