Research Question Solution

The general rule is to expense the $750,000 of environmental contamination treatment costs. (FASB, 2017, ASC para. 410-30-25-16) However, these costs should be capitalized because they will be recovered as part of the sales price when the property is sold (FASB, 2017, ASC para. 410-30-25-18), and they were incurred to prepare the property for sale and the property is currently being held for sale. (FASB, 2017, ASC para. 410-30-25-18(c))