

Research Question

Alpha Petroleum has operated a gas station at the corner of Reseda and Plummer for many years. A year ago, 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 sell the property, Alpha removed the underground gasoline storage tanks. Upon removal, it was discovered that there had been leakage, and Alpha will be required to clean up the contaminated soil in 2015 at a cost of \$300,000. The sales price for the property will be increased to enable Alpha to recover the \$300,000. Should Alpha capitalize or expense this cost?