**New Global Revenue Accounting Rule to Impact Several Indian Companies**

The International Accounting Standards Board and the US Financial Accounting Standards Board have published a new joint standard on revenue recognition. The joint standard on revenue recognition replaces most of the detailed guidance on revenue recognition that currently exists under US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).

This move will significantly impact the way revenue is recognised by companies in the telecom, engineering, construction, real estate and those that have bundled offerings of products and services, said Jamil Khatri, KPMG's global accounting advisory services leader.

Sai Venkateshwaran, head of accounting advisory services at KPMG in India, said reaching a common ground and finalising a joint standard on revenue is a major breakthrough in the joint efforts for convergence of US GAAP and IFRS.

This will also usher in an era of global convergence on reporting on revenues, and its only a matter of time before Indian companies start following these new principles on revenue recognition, he added.

The new standard comes over five years after the standard setters published the first version of their joint revenue proposals. The new requirements will affect different companies in different ways.

"Given the pervasive nature of the new standard, in addition to the financial reporting impacts, companies will also have to assess impact on other stakeholders such as investors and analysts," Khatri said.

*(Business Line)*