

Common Seals Are Now an Optional Extra in Castle Packages

As of 1 July 2014, Castle Corporate no longer offers common seals as a standard inclusion in our company packages. To explain the reasoning behind this change, we thought we would give you a little bit of background to the seal.

The history of the common seal

A common seal was once used as a form of proof by a company that it had formally and legally executed a document.

Until 30 June 1998, the use of a common seal to execute solemn or formal documents was compulsory.

However, as part of the Costello-led corporate law reform process, and as embodied in the *Corporate Law Review Act 1998*, the use of a common seal by a company was made optional. That Act stated that:

"A company is not required to have a common seal. If it does, the seal must show the company's name and its ACN. The seal is equivalent to the company's signature and may be used on important company documents such as mortgages."

Many organisations took years to adjust to that new relaxation in the law. The worst offenders were government instrumentalities who, in some cases, did not accommodate that change for 8 to 10 years.

Now, some 16 years later, the vast majority of organisations and individuals are familiar with, and comfortable about, accepting a document executed by a company without a common seal.

Benefits of not using a common seal

The ordering of common seals when setting up a company has become less and less popular over the years.

And for good reason. This new approach means:

- lower costs for the company owners
- the ability to receive the company documentation faster
- no-one needs to worry about the location of the seal, and
- no need for ink pads and other inconveniences.

What if I still want to order a seal?

While common seals have become less popular, that does not mean we will stop offering them. Common seals can be ordered for an additional fee, either:

- when ordering a company or a change of company name – simply select it as a package option on our company order form, or
- separately – send us an email to castle@castlecorp.com.au.

Please note that ordering a common seal will slow the delivery of your company paperwork by at least one business day.

If you have any questions about common seals, we would be happy to help. Please call us on 03 9898 6666.