

China cracks down on iPhone-smuggling housewives: media

(Reuters) - Suppliers for what was one of China's largest online iPhone stores have been hauled to court for allegedly evading taxes by smuggling Apple Inc's iPhones and iPads into the country, official media reported on Friday.

On Wednesday, 26 suppliers of Lanyou Shuma.com were tried in a Shenzhen court as part of five rings that smuggled more than 162,000 mobile phones worth over 500 million [yuan](#) [1] (\$80 million) from Hong Kong over the past two years, the Beijing News said.

Half of the suspects are described as housewives who frequently travel to Hong Kong, according to another newspaper, the Southern Metropolis Daily, adding that they were paid 20 to 30 [yuan](#) [1] in commission for each phone they brought back to the mainland.

The official Shanghai Daily said 25 defendants were tried for smuggling both iPads and iPhones.

The Lanyou Shuma.com digital store, once one of the largest on China's Taobao Marketplace, was forced to close in April by Taobao after Hong Kong authorities launched an investigation on possible smuggling of the iPhone 4S, the Beijing News said.

It was not clear if all 26 defendants were suppliers for Lanyou Shuma.com.

Lanyou Shuma.com could not be reached for comment.

Taobao Marketplace, a unit of Alibaba Group, is China's largest e-commerce website with a consumer focus. An Alibaba spokeswoman confirmed the closure of Lanyou Shuma.com store but declined to elaborate, saying the company "demands merchants run their businesses in accordance with all regulations and policies".

Shenzhen court officials declined to comment.

[Electronics](#) [2] and luxury products carry steep import and luxury duties when they are sold in [China](#) [3]. As a result, many Chinese prefer to shop for these products in places like Hong Kong or Europe where the duties are lower.

This discrepancy in prices has led to a booming smuggling industry where, for example, iPhones are bought in the United States or Hong Kong, carried into China in suitcases by smugglers and then passed to scalpers in China.

China has cracked down on smugglers over the past two years. In 2010 it levied

China cracks down on iPhone-smuggling housewives: media

Published on Electronic Component News (<http://www.ecnmag.com>)

taxes on imported iPads, even if they were for personal use. In September China jailed an ex-flight attendant accused of evading taxes of more than 1 million yuan by smuggling cosmetics from [South Korea](#) [4].

(\$1 = 6.2334 Chinese yuan)

(Reporting by Shanghai newsroom; Editing by Michael Urquhart)

Source URL (retrieved on 12/21/2014 - 11:01am):

<http://www.ecnmag.com/news/2012/11/china-cracks-down-iphone-smuggling-housewives-media>

Links:

[1] http://www.reuters.com/subjects/yuan?lc=int_mb_1001

[2] http://www.reuters.com/sectors/industries/overview?industryCode=104&lc=int_mb_1001

[3] <http://www.reuters.com/places/china>

[4] <http://www.reuters.com/places/south-korea>